

Town of Lochbuie, Colorado
FINANCIAL STATEMENTS
with Independent Auditor's Report
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees
Town of Lochbuie, Colorado

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lochbuie, Colorado (the Town), as of and for the years ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

I

Fiscal Focus Partners, LLC

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV through XII and the budgetary comparison information and pension-related schedules on pages 45 through 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as identified in the table of contents and the Local Highway Finance Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
June 6, 2022

Town of Lochbuie, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

This discussion and analysis of the Town of Lochbuie's (Town) financial statements for the year ended December 31, 2021 provides a narrative overview of the Town's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

The Town

The Town of Lochbuie is what is known as a Mayor-Board style statutory Town. This classification, in contrast to a home-rule town, limits the authority the Town exercises, primarily in the area of taxes and tax collection. The Town consists of an elected Mayor and six Town Board trustees. The Town also appoints a Town Treasurer and Town Clerk. The top three candidates for Board seats receive staggered 4 year terms, with the remaining 3 seats and the Mayor receiving a 2 year term. The Town Treasurer and Town Clerk are appointed to 2 year terms. The Town Board employs a Town Administrator to direct the daily activities and functions of the Town.

The Town is located in the northeast Denver metropolitan area and is located within Weld and Adams Counties. The Town is adjacent to the Cities and Towns of Brighton, Hudson and Fort Lupton. The Town encompasses 5 square miles, or 16,000 acres, with approximately 8,088 residents and 2,675 households. The Town provides the majority of its core services by its own means through a Town controlled Waste Water Treatment Plant, Reverse Osmosis Plant and employs its own Police Department.

The primary sources of revenue for Towns in Colorado are sales and use taxes, as is true for Lochbuie. Property taxes are the next largest source of governmental revenues. Other sources of governmental revenue include miscellaneous fees generated through the Town's gas, electric and cable providers and other taxes and fees. The Town also records program-type revenues from court fines and fees, land use and permitting fees, and capital grants and contributions.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,348,674 at December 31, 2021.
- Net position of governmental activities increased by \$1,245,207, and net position of business-type activities increased by \$6,211,806.
- Fund balance of the general fund increased by \$1,220,298. This increase was primarily a result of increased sales tax collections, and permit and related new development revenue.

Other Highlights:

- Building continued in 2 subdivisions within Town limits.
- In 2018 the Town issued \$4,500,000 in Limited Tax Obligation Bonds for the purpose of funding the costs of capital improvements for the Town.

The Town provides its employees with pension and other postemployment benefits (OPEB) through two multiple employer cost-sharing defined benefit pension plans administered by the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees' Retirement Association (PERA). It is important to note that the Town does not currently have to pay the amount shown as the Town's net pension and OPEB liabilities, nor will the Town benefit from any pension related assets. The Town's direct liability is limited to the annually required contributions established by the State Legislature. In addition, the Town does not have any control over the investment policies associated with PERA and FPPA investments. These responsibilities lie solely with the PERA and FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Notes 7, 8 and 9 within the Notes to Financial Statements section of this report.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference 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 Town is improving or deteriorating. The reader of the financial statements should also consider other non-financial factors, such as changes in the composition or quality of the Town's sales tax base and perhaps the condition of the Town's infrastructure, to assess the overall health of the Town.

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

In the *Statement of Net Position* and *Statement of Activities*, the Town is divided into two kinds of activities:

- Governmental activities – most of the Town's basic services are reported here including public safety, public works, municipal court and general administration. Sales and use taxes, property taxes, fees and charges from the court and franchise fees finance most of these activities. Governmental activities of the Town also include the financing, construction of, and maintenance of governmental infrastructure constructed or acquired by the Town during the current year.
- Business-type activities – the Town charges a fee to customers to cover all or most of the cost of certain services it provides.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental or proprietary funds.

Governmental Funds

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

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 Town maintains two 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 each of the Town's major governmental funds, the General Fund and the Conservation Trust Fund.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the *basic financial statements* to demonstrate compliance with this budget.

Proprietary Funds

The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements, only these statements provide a more detailed level of information. Enterprise funds, a type of proprietary fund, are used to report any activity for which a fee is charged to external users for goods and services. The Town utilizes two enterprise funds to account for water and sewer operations.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, the report also presents certain supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board* and other supplemental information presented for legal compliance and additional analysis.

Government-wide Financial Analysis

At the close of 2021, total net position was \$59,348,674. The largest portion of net position is the investment in capital assets of \$30,034,430 (51% of net position). The amount reflects the investment of all capital assets (e.g. infrastructure, land, buildings and equipment), net of accumulated depreciation, less any debt used to acquire those assets that are still outstanding. The capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate those liabilities.

The following tables summarize the Town's governmental and business-type net positions.

	December 31, 2021		
	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 8,209,497	\$ 24,048,938	\$ 32,258,435
Capital assets	10,278,229	25,173,766	35,451,995
Total assets	18,487,726	49,222,704	67,710,430
Deferred outflows of resources	487,359	254,545	741,904
Current and other liabilities	1,313,312	568,198	1,881,510
Non-current liabilities	4,066,775	1,452,821	5,519,596
Total liabilities	5,380,087	2,021,019	7,401,106
Deferred inflows of resources	1,284,048	418,506	1,702,554
Net position			
Net investment in capital assets	6,017,868	24,016,562	30,034,430
Restricted for emergencies	134,000	-	134,000
Restricted for conservation trust	218,459	-	218,459
Restricted for bond debt service	-	164,800	164,800
Unrestricted	5,940,623	22,856,362	28,796,985
Total net position	\$ 12,310,950	\$ 47,037,724	\$ 59,348,674

	December 31, 2020		
	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 7,166,692	\$ 17,782,063	\$ 24,948,755
Capital assets	10,529,891	25,564,094	36,093,985
Total assets	17,644,657	43,346,157	61,042,740
Deferred outflows of resources	380,851	144,681	525,532
Current and other liabilities	1,641,706	618,614	2,260,320
Non-current liabilities	4,412,033	1,798,325	6,210,358
Total liabilities	6,053,739	2,416,939	8,470,678
Deferred inflows of resources	957,952	247,981	1,205,933
Net position			
Net investment in capital assets	5,866,054	24,279,739	30,145,793
Restricted for emergencies	166,000	-	166,000
Restricted for conservation trust	208,962	-	208,962
Restricted for capital improvements	-	-	-
Restricted for bond debt service	-	164,800	164,800
Unrestricted	4,824,727	16,381,379	21,206,106
Total net position	\$ 11,065,743	\$ 40,825,918	\$ 51,891,661

Changes in Net Position

The Town's net position increased by \$7,457,013 in 2021 and \$5,345,880 in 2020 for governmental and business-type activities.

	For the Year Ended December 31, 2021		
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 841,557	\$ 4,572,912	\$ 5,414,469
Operating grants and contributions	535,490	3,981,596	4,517,086
Capital grants and contributions	37,225	-	37,225
General revenues			
Taxes/assessments	3,430,129	-	3,430,129
Interest earnings	5,729	8,848	14,577
Other	369,408	917,929	1,287,337
Total revenues	<u>5,219,538</u>	<u>9,481,285</u>	<u>14,700,823</u>
Expenses			
General government	1,405,825	-	1,405,825
Public safety	1,362,376	-	1,362,376
Public works	783,958	-	783,958
Trash service	422,172	-	422,172
Water	-	1,706,137	1,706,137
Sewer	-	1,563,342	1,563,342
Total expenses	<u>3,974,331</u>	<u>3,269,479</u>	<u>7,243,810</u>
Change in net position	1,245,207	6,211,806	7,457,013
Beginning net position	<u>11,065,743</u>	<u>40,825,918</u>	<u>51,891,661</u>
Ending net position	<u>\$ 12,310,950</u>	<u>\$ 47,037,724</u>	<u>\$ 59,348,674</u>

	For the Year Ended December 31, 2020		
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 631,016	\$ 5,282,017	\$ 5,913,033
Operating grants and contributions	285,425	29,772	315,197
Capital grants and contributions	1,813,200	-	463,200
General revenues			
Taxes/assessments	2,844,452	-	2,844,452
Interest earnings	17,743	23,880	41,623
Other	1,079,458	12,970	2,442,428
Total revenues	6,671,294	5,348,639	12,019,933
Expenses			
General government	1,012,951	-	1,012,951
Public safety	1,374,899	-	1,374,899
Public works	838,675	-	838,675
Trash service	395,055	-	395,055
Water	-	1,539,230	1,539,230
Sewer	-	1,513,243	1,513,243
Total expenses	3,621,580	3,052,473	6,674,053
Change in net position	3,049,714	2,296,166	5,345,880
Beginning net position	8,016,029	38,529,752	46,545,781
			-
Ending net position	\$ 11,065,743	\$ 40,825,918	\$ 51,891,661

Governmental Activities

Governmental activities increased Lochbuie's net position by \$1,245,207. The decrease in revenue from 2020 to 2021 of \$1,451,756 (22%) was a result of a decrease in developer reimbursement for infrastructure projects as well as property. Expenses (government-wide) increased by \$352,751, or 10%, from 2020 to 2021, primarily due to increases in expenses related to permits and inspections during 2021.

Business-type Activities

Business-type activities for the year resulted in an increase of net position by \$6,221,806. Charges for services and other operating-related revenue decreased from 2020 to 2021 by \$709,105, or 13%. During 2021 the Town transferred an escrow account in the amount of \$3,003,840 established in connection with the Beebe Draw Wastewater Service Agreement (see Note 12) which resulted in higher than usual total revenue.

Governmental Funds

As of the end of 2021, the Town's governmental funds reported a combined ending fund balance of \$6,405,770.

The Town has two major governmental funds. They are the General and Conservation Trust Funds.

The General Fund is the primary operating fund for the Town of Lochbuie and reports a fund balance of \$6,187,311 as of December 31, 2021. General Fund departments consist of Legislative, Administration, Police, Judicial and Public Works.

The Conservation Trust Fund had a total fund balance at the end of 2021 of \$218,459. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment.

Proprietary Fund

The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements in more detail.

Capital Asset and Debt Administration

Capital Assets

The Town of Lochbuie's net investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounted to \$30,034,430. The investment in capital assets includes land, buildings, building improvements, and equipment and infrastructure, net of accumulated depreciation and related debt.

Long Term Debt

At the end of 2021, total bonded debt outstanding was \$5,160,000. This debt represents \$4,020,000 related to general governmental obligation bonds and \$1,140,000 related to bonds secured solely by specific revenue sources (i.e., revenue bonds).

Economic Factors and Next Year's Budget and Rates

The 2022 Budget includes capital maintenance, funds to attract and retain a high quality workforce and maintaining high service levels.

As revenues are vulnerable to economic cycles, the Town maintains a conservative projection philosophy to ensure the fiscal stability of the Town and continue to maintain expected service levels.

Investments in infrastructure are being made in 2022 that are consistent with our Capital Improvement Plan.

The Town will be focused on adding additional sources of sustainable revenue to fund community services and amenities. The Town will encourage both retail and industrial development to generate both revenue and jobs as well as locations to shop in town.

The Town continues to focus on our mission of building a great community for families.

Administrative Services

Town Administrator – The Town Administrator serves at the pleasure of the Board of Trustees. The Administrator is charged with ensuring that policies of the Board of Trustees are implemented and functions as the Chief of Staff for the Town Departments as well as serving as the Director of Public Safety, Building Official and Town Attorney liaison.

Town Clerk – During 2021 the Town Clerk was the custodian of all the Town records, made a record of Town Board meetings, and fulfilled all the statutory duties of a Town Clerk and worked as the Office Manager. The clerk serves as an advisor to the Town Administrator and to the Board of Trustees. The Clerk oversaw the Human Resources Department. This department maintains personnel records. The Clerk supervised the Court System and the Utility Billing System.

Town Treasurer - The Town Treasurer is responsible for maintaining the financial records of the Town, prepares or causes to be prepared the financial statements and annual budgets of the Town, maintains Town bank accounts and investment accounts, ensures that receivables and payables are transacted properly and advises the Town Administrator and the Board of Trustees as to the financial condition of the Town. The Treasurer oversees the work of the Accounts Payable, Purchasing and Payroll Departments and assists with the annual audit.

Municipal Court – Lochbuie Municipal Court is a court of record. During 2021, Court was conducted on the 4th Tuesday of each month beginning at 8:30 am. Additional sessions of court are conducted as necessary based on case load or extraordinary circumstances. The court is presided over by a judge appointed to a two-year term as a part-time judge. The judge is relieved by an alternate judge in his absence. The judge is assisted by a Court Clerk, whose job is part-time. When Court is in session a bailiff is provided by the police department. One or more of the Administrative staff members assist in court sessions in various duties to assist the Clerk, the prosecutor and the judge. The Town employs a law firm to serve as prosecutors. Translation services are routinely provided by a part-time translator and by bi-lingual, Spanish-speaking staff members.

Building Department – The Town employs a Community Development Director to manage the planning department including review of all proposed development, proposed zoning changes, master plan development and review, parks & recreation planning and traffic planning. The Director works closely with Town engineering, legal counsel and building inspection consultants.

By ordinance of the Board of Trustees, the Town does not have a separate planning commission. Instead, the functions classically performed by a planning commission -- review of all proposed development, proposed zoning changes, master plan development and review, parks and recreation planning, traffic planning, and general municipal engineering matters --are performed by the Board of Trustees.

Public Works – The Public Works Operations Manager supervises the Public Works Department. The department manages all water, waste water, storm water, streets and parks functions. The operation of the water and waste water facilities and all required services for the operation thereof are managed by an Operator in Responsible Charge (ORC).

Police – The Police Department is staffed by a full-time Chief, ten patrol officers and a full-time clerk. The Town employs a community service officer to perform code enforcement and animal control functions for the Town.

Fire Protection – Fire protection is provided by the Hudson and Greater Brighton Fire Protection Districts. The Hudson FPD is currently a combination fire department supplemented by volunteers and the Brighton FPD is a career department.

Emergency Medical Services – Ambulance service is provided by Platte Valley Ambulance, based at Brighton's Platte Valley Medical Center and secondary EMS transport is provided by Weld County Paramedics. The ambulance is supported by the appropriate fire department.

Trash Service – Solid waste management is provided by the Town through a contract trash hauling company. Fees for this service are collected with the utility bills.

Request for Information

This financial report is designed to provide a general overview of the Town of Lochbuie's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Brian K. McBroom
Town Administrator
Town of Lochbuie
703 WCR 37
Lochbuie, CO 80603

Roster of Town Officials

Appointed Officials

Brian K. McBroom – Town Administrator
Heather Meierkort – Town Clerk
Denise Rademacher – Town Treasurer

Elected Officials

Michael Mahoney – Mayor
David Ott – Mayor Pro Tem
May Wescott – Trustee
Dawn Coen – Trustee
Jacklyn White – Trustee
Jeremy Kovinchick – Trustee
Jamie Jeffery - Trustee

BASIC FINANCIAL STATEMENTS

Town of Lochbuie, Colorado
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 6,284,473	\$ 19,982,171	\$ 26,266,644
Cash and investments - restricted	397,185	3,644,193	4,041,378
Accounts receivable	410,154	422,574	832,728
Lease escrow	63,515	-	63,515
Property taxes receivable	857,668	-	857,668
Total current assets	8,012,995	24,048,938	32,061,933
Capital Assets			
Nondepreciable	116,698	3,597,120	3,713,818
Depreciable, net	10,161,531	21,576,646	31,738,177
Total capital assets	10,278,229	25,173,766	35,451,995
Non-current Assets			
Pension asset	196,502	-	196,502
Total non-current assets	196,502	-	196,502
Total assets	18,487,726	49,222,704	67,710,430
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	475,219	235,557	710,776
OPEB related deferred outflow	12,140	18,988	31,128
Total deferred outflows of resources	487,359	254,545	741,904
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	812,054	417,929	1,229,983
Accrued interest payable	11,646	2,482	14,128
Compensated absences	25,731	20,636	46,367
Current portion - bonds	463,881	127,151	591,032
Total current liabilities	1,313,312	568,198	1,881,510
Long-Term Liabilities			
Net pension liability	237,268	371,111	608,379
Net OPEB liability	33,027	51,657	84,684
Bonds payable	3,796,480	1,030,053	4,826,533
Total long-term liabilities	4,066,775	1,452,821	5,519,596
Total liabilities	5,380,087	2,021,019	7,401,106
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	795,171	-	795,171
Pension related deferred inflow	477,900	401,336	879,236
OPEB related deferred inflow	10,977	17,170	28,147
Total deferred inflows of resources	1,284,048	418,506	1,702,554
NET POSITION			
Net investment in capital assets	6,017,868	24,016,562	30,034,430
Restricted			
Emergency reserves	134,000	-	134,000
Conservation trust	218,459	-	218,459
Bond debt service	-	164,800	164,800
Unrestricted	5,940,623	22,856,362	28,796,986
Total net position	\$ 12,310,950	\$ 47,037,724	\$ 59,348,674

The accompanying Notes to the Financial Statements are an integral part of these statements.

Functions/Programs

General revenues:

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	General Fund	Conservation Trust	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,284,473	\$ -	\$ 6,284,473
Cash and cash equivalents- restricted	134,000	263,185	397,185
Accounts receivable	410,154	-	410,154
Lease escrow	63,515	-	63,515
Property taxes receivable	857,668	-	857,668
Total assets	<u>7,749,810</u>	<u>263,185</u>	<u>8,012,995</u>
LIABILITIES			
Accounts payable and payroll liabilities	767,328	44,726	812,054
Total liabilities	<u>767,328</u>	<u>44,726</u>	<u>812,054</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	795,171	-	795,171
Total deferred inflows of resources	<u>795,171</u>	<u>-</u>	<u>795,171</u>
FUND BALANCES			
Nonspendable	63,515	-	63,515
Restricted for:			
Emergencies	134,000	-	134,000
Conservation trust	-	218,459	218,459
Committed for:			
School building	394,012	-	394,012
Assigned for:			
Insurance deductible	32,497	-	32,497
Unassigned	5,563,287	-	5,563,287
Total fund balances	<u>6,187,311</u>	<u>218,459</u>	<u>6,405,770</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,749,810</u>	<u>\$ 263,185</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net position, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets, net of accumulated depreciation 10,278,229

Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and , therefore, are not reported in the funds.

Deferred outflows- pension plan 475,219
Deferred inflows- pension plan (477,900)
Deferred outflows- OPEB 12,140
Deferred inflows- OPEB (10,977)

Long-term liabilities, including retirement of debt, are not due and payable in the current period and, therefore, are not reported in the funds

Accrued interest payable (11,646)
Compensated absences (25,731)
Net pension asset- FPPA 196,502
Net pension liability- PERA (237,268)
Net OPEB liability (33,027)
Bonds payable, net (4,260,361)

Net position of governmental activities \$ 12,310,950

Town of Lochbuie, Colorado

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 776,959	\$ -	\$ 776,959
Specific ownership taxes	39,436	-	39,436
Sales and use taxes	2,082,532	-	2,082,532
Franchise taxes	211,457	-	211,457
Highway user taxes	236,873	-	236,873
Other taxes	82,872	-	82,872
Intergovernmental	-	87,690	87,690
Licenses, permits and fees	318,522	-	318,522
Fines and forfeitures	76,923	-	76,923
Grants	61,694	-	61,694
Developer reimbursements	425,307	-	425,307
Interest earned	5,601	128	5,729
Trash service	446,112	-	446,112
Other revenue	369,303	-	369,303
Total revenues	<u>5,133,591</u>	<u>87,818</u>	<u>5,221,409</u>
EXPENDITURES			
General and Operating:			
General government - Legislative	124,351	-	124,351
General government - Judicial	35,322	-	35,322
General government - Administration	999,936	-	999,936
Public safety - Police	1,362,563	-	1,362,563
Public works - Streets	185,499	-	185,499
Public works - Parks	115,501	-	115,501
Trash services	422,172	-	422,172
Debt Service:			
Principal	448,775	-	448,775
Interest and other charges	152,200	-	152,200
Capital Outlay	120,301	78,321	198,622
Total expenditures	<u>3,966,620</u>	<u>78,321</u>	<u>4,044,941</u>
Excess of revenues over expenditures	<u>1,166,971</u>	<u>9,497</u>	<u>1,176,468</u>
Other financing (uses) sources			
Proceeds from capital lease	53,327	-	53,327
Total other financing (uses) sources	<u>53,327</u>	<u>-</u>	<u>53,327</u>
Net change in fund balances	1,220,298	9,497	1,229,795
Fund balances - beginning	<u>4,967,013</u>	<u>208,962</u>	<u>5,175,975</u>
Fund balances - ending	<u>\$ 6,187,311</u>	<u>\$ 218,459</u>	<u>\$ 6,405,770</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds:	\$	1,229,795
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense		(446,339)
Capital outlay		198,622

The repayment of long-term debt (e.g. bonds, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

448,775

Proceeds from long-term debt (e.g. bonds, leases) is a revenue source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.

(53,327)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest payable - change		(2,908)
Net pension liability and related amounts - change		(124,795)
Net OPEB liability and related amounts - change		(12,644)
Bond premium amortization		8,028
Change in net position of governmental activities	\$	<u>1,245,207</u>

Town of Lochbuie, Colorado

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND**

For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 778,806	\$ 776,959	\$ (1,847)
General sales and use taxes	1,880,000	2,082,532	202,532
Franchise taxes	207,200	211,457	4,257
Specific ownership tax	40,000	39,436	(564)
Intergovernmental			
Highway user tax	192,410	236,873	44,463
Motor vehicle tax	25,000	28,506	3,506
Others	52,507	54,366	1,859
Licenses and permits			
Building permits	543,600	151,154	(392,446)
General business licenses	16,300	17,742	1,442
Animal licenses	1,000	430	(570)
Public right of way permit	75,000	60,520	(14,480)
Fees			
School contribution fees	-	2,020	2,020
Plan review fees	30,000	37,054	7,054
Administrative fees and services	45,600	21,510	(24,090)
Infrastructure fees	53,180	13,640	(39,540)
Interstate exchange fees	56,180	10,912	(45,268)
Other fees	11,135	3,540	(7,595)
Fines and forfeitures	80,040	76,923	(3,117)
Grants	305,000	61,694	(243,306)
Developer reimbursements	360,000	425,307	65,307
Interest earned	9,692	5,601	(4,091)
Trash service revenues	447,500	446,112	(1,388)
Other income	315,303	369,303	54,000
Total revenues	<u>5,525,453</u>	<u>5,133,591</u>	<u>(391,862)</u>
Expenditures			
General government - Legislative	173,573	124,351	49,222
General government - Judicial	34,919	35,322	(403)
General government - Administration	1,226,906	999,936	226,970
Public safety - Police	1,505,308	1,362,563	142,745
Public works - Streets	716,219	185,499	530,720
Public works - Parks	180,419	115,501	64,918
Trash services	417,000	422,172	(5,172)
Debt Service			
Principal	415,000	448,775	(33,775)
Interest and other charges	152,200	152,200	-
Capital Outlay	647,500	120,301	527,199
Total expenditures	<u>5,469,044</u>	<u>3,966,620</u>	<u>1,502,424</u>
Excess of revenues over (under) expenditures	56,409	1,166,971	1,110,562
Other financing (uses) sources			
Proceeds from capital lease	-	53,327	53,327
Total other financing (uses) sources	-	53,327	53,327
Change in fund balance	<u>56,409</u>	<u>1,220,298</u>	<u>1,163,889</u>
Fund balance - beginning of year	<u>4,824,447</u>	<u>4,967,013</u>	<u>142,566</u>
Fund balance- end of year	<u>\$ 4,880,856</u>	<u>\$ 6,187,311</u>	<u>\$ 1,306,455</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF NET POSITION
ENTERPRISE FUNDS**

December 31, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and investments	\$ 13,552,991	\$ 6,429,180	\$ 19,982,171
Cash and investments - restricted	164,800	3,479,393	3,644,193
Accounts receivable	172,401	250,173	422,574
Total current assets	<u>13,890,192</u>	<u>10,158,746</u>	<u>24,048,938</u>
Capital Assets			
Nondepreciable	3,333,432	263,688	3,597,120
Depreciable, net	7,188,046	14,388,600	21,576,646
Total capital assets	<u>10,521,478</u>	<u>14,652,288</u>	<u>25,173,766</u>
Total assets	<u>24,411,670</u>	<u>24,811,034</u>	<u>49,222,704</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	139,017	96,540	235,557
OPEB related deferred outflow	11,206	7,782	18,988
Total deferred outflows of resources	<u>150,223</u>	<u>104,322</u>	<u>254,545</u>
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	323,061	94,868	417,929
Accrued interest payable	2,482	-	2,482
Compensated absences	11,981	8,655	20,636
Current portion - bonds	127,151	-	127,151
Total current liabilities	<u>464,675</u>	<u>103,523</u>	<u>568,198</u>
Long-Term Liabilities			
Net pension liability	219,016	152,095	371,111
Net OPEB liability	30,486	21,171	51,657
Bonds payable	1,030,053	-	1,030,053
Total long-term liabilities	<u>1,279,555</u>	<u>173,266</u>	<u>1,452,821</u>
Total liabilities	<u>1,744,230</u>	<u>276,789</u>	<u>2,021,019</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflow	236,854	164,482	401,336
OPEB related deferred inflow	10,133	7,037	17,170
Total deferred inflows of resources	<u>246,987</u>	<u>171,519</u>	<u>418,506</u>
NET POSITION			
Net investment in capital assets	9,364,274	14,652,288	24,016,562
Restricted for bond debt service	164,800	-	164,800
Unrestricted	13,041,602	9,814,760	22,856,362
Total net position	<u>\$ 22,570,676</u>	<u>\$ 24,467,048</u>	<u>\$ 47,037,724</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS**

For the Year Ended December 31, 2021

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 2,378,243	\$ 1,031,529	\$ 3,409,772
Other	154,220	1,008,920	1,163,140
Total operating revenues	<u>2,532,463</u>	<u>2,040,449</u>	<u>4,572,912</u>
OPERATING EXPENSES			
Operating expenses	789,958	969,873	1,759,831
Administrative expenses	581,931	209,767	791,698
Depreciation	300,736	383,702	684,438
Total operating expenses	<u>1,672,625</u>	<u>1,563,342</u>	<u>3,235,967</u>
OPERATING INCOME (LOSS)	<u>859,838</u>	<u>477,107</u>	<u>1,336,945</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	4,521	4,327	8,848
Other non-operating income	917,929	-	917,929
Interest expense	(33,512)	-	(33,512)
Total nonoperating revenues (expenses)	<u>888,938</u>	<u>4,327</u>	<u>893,265</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>1,748,776</u>	<u>481,434</u>	<u>2,230,210</u>
CAPITAL CONTRIBUTIONS			
Tap Fees/PIFs	330,291	3,635,592	3,965,883
Contributed Land from a Developer	8,424	7,289	15,713
	<u>338,715</u>	<u>3,642,881</u>	<u>3,981,596</u>
CHANGE IN NET POSITION	<u>2,087,491</u>	<u>4,124,315</u>	<u>6,211,806</u>
NET POSITION - beginning of the year	20,483,185	20,342,733	40,825,918
NET POSITION - end of the year	<u><u>\$ 22,570,676</u></u>	<u><u>\$ 24,467,048</u></u>	<u><u>\$ 47,037,724</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS**

For the Year Ended December 31, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,515,546	\$ 1,944,640	\$ 4,460,186
Payments to suppliers for goods and services	(1,057,186)	(1,022,695)	(2,079,881)
Payments to and on behalf of employees	(393,081)	(286,675)	(679,756)
Net cash provided (used) by operating activities	<u>1,065,279</u>	<u>635,270</u>	<u>1,700,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tap fees/PIFS	330,291	3,635,592	3,965,883
Acquisition of capital assets	(214,145)	(64,252)	(278,397)
Principal payments	(125,000)	-	(125,000)
Interest paid on debt	(35,663)	-	(35,663)
Net cash provided (used) by capital and related financing activities	<u>(44,517)</u>	<u>3,571,340</u>	<u>3,526,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other income	917,929	-	917,929
Interest earnings received	4,521	4,327	8,848
Net cash provided (used) by investing activities	<u>922,450</u>	<u>4,327</u>	<u>926,777</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,943,212	4,210,937	6,154,149
CASH AND CASH EQUIVALENTS - beginning of year	<u>11,774,579</u>	<u>5,697,636</u>	<u>17,472,215</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 13,717,791</u></u>	<u><u>\$ 9,908,573</u></u>	<u><u>\$ 23,626,364</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 859,838	\$ 477,107	\$ 1,336,945
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	300,736	383,702	684,438
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(16,917)	(95,809)	(112,726)
Increase (decrease) in:			
Accounts payable and other liabilities used for operations	(45,000)	3,108	(41,892)
Accrued payroll related liabilities	(33,378)	(132,838)	(166,216)
	<u>\$ 1,065,279</u>	<u>\$ 635,270</u>	<u>\$ 1,700,549</u>
Cash and cash equivalents	\$ 13,552,991	\$ 6,429,180	\$ 19,982,171
Restricted cash and cash equivalents	<u>164,800</u>	<u>3,479,393</u>	<u>3,644,193</u>
Total cash and cash equivalents	<u><u>\$ 13,717,791</u></u>	<u><u>\$ 9,908,573</u></u>	<u><u>\$ 23,626,364</u></u>
NONCASH TRANSACTIONS			
Assets contributed by a Developer	<u>\$ 8,424</u>	<u>\$ 7,289</u>	<u>\$ 15,713</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 1 Definition of reporting entity

The Town was organized as a statutory Town in Colorado by court order in 1974. The Town provides general government, public works (roads and streets), police, water, and sewer for the geographical area organized as the Town.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Note 2 Summary of significant accounting policies

The more significant accounting policies of the Town are described as follows:

Government-wide and fund financial statements

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

The statement of net position reports all financial and capital resources of the Town. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the Town is reported as net position.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemptions of bonds are recorded as a reduction in liabilities.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted or in another fund, which include the following departments: Legislative, Judicial, Administrative, Public Safety-Police, and Public Works.

Conservation Trust Fund – The Conservation Trust Fund accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

Sewer Fund – The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

Proprietary funds are used to account for ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions. Tap fees and plant investment fees are generally recorded as capital contributions when received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Cash Equivalents

For the purpose of the statement of cash flows of the proprietary funds, cash and cash equivalents include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

Asset Class	Dollar Value
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	\$ 5,000
Furniture and Equipment	\$ 5,000
Infrastructure	\$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at acquisition value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 - 35 years
Furniture and Equipment	3 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Compensated absences

It is the Town's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. These benefits accrue together as Paid Time Off (PTO). PTO accrues to a maximum of 240 hours, depending on length of employment. Compensated absences are recorded as current salary cost when paid in government funds, and is accrued in the enterprise fund.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Property taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has certain items that relate to its pension and other post-employment benefit plans that qualify for reporting in this category. Accordingly, these items are deferred and will be recognized as an outflow of resources in the period the resource is required for use.

In addition to liabilities, the statement of net 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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has certain items that relate to its pension and other post-employment benefits and property tax revenue that qualify for this category. Accordingly, these items are deferred and will be recognized as an inflow of resources in the period that the amount becomes available.

Pensions

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2021.

In addition the Town participates in the Statewide Defined Benefit Plan (SWDB), a cost sharing multi-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA) that provides retirement benefits for members and beneficiaries.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment benefits other than pensions (OPEB)

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

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the Town, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is \$-0-.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Town's Board of Trustees.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town's Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

If more than one classification of fund balance is available for use when expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

At December 31, 2021, the Town had \$134,000 restricted by legislation (for emergencies) and \$218,459 restricted for parks and recreation (Conservation Trust).

At December 31, 2021, the Town had \$394,012 committed for a future school building and \$32,497 assigned for the Town's insurance deductible.

The remaining fund balance is considered by the Town to be unassigned. At December 31, 2021, the Town had an unassigned fund balance in the general fund of \$5,563,287.

Budgets

In accordance with the State Budget Law, the Town's Board of Trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that the Town's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2021 Statement of Net Position as follows:

Cash and investments	\$ 26,266,644
Cash and investments-restricted	4,041,378
Total cash and investments	<u>\$ 30,308,022</u>

Cash and investments as of December 31, 2021 consist of the following:

Cash on hand	\$ 950
Deposits with financial institutions	18,425,136
Investments	11,881,936
Total cash and investments	<u>\$ 30,308,022</u>

At December 31, 2021, the Town's cash deposits had bank balances of \$18,419,546 and carrying balances of \$18,425,136.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Deposits with financial institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2021, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2021, the Town's bank balances and carrying balances were insured or collateralized as follows:

Bank balances	
Federally insured	\$ 279,428
Collateralized	18,140,118
Total bank balances	<u>\$ 18,419,546</u>
Carrying balances	
Federally insured	\$ 280,804
Collateralized	18,144,332
Total carrying balances	<u>\$ 18,425,136</u>

Investments

The Town adopted an approved investment policy during 2020. The objectives of the policy are to provide safety, liquidity and yield while ensuring effective and judicious fiscal management of the Town's funds. The policy allows the Board of Trustees to authorize the Town Treasurer to invest all or any part of funds in securities which are authorized for investment by state law.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2021, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 1,862,509
Colorado Surplus Asset Safe Trust (CSAFE) – Colorado CORE	Weighted average under 180 days	5,011,805
Colorado Statewide Investment Program (CSIP)	Weighted average under 60 days	5,007,622
Total Investments		<u>\$ 11,881,936</u>

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

CSAFE

At December 31, 2021, the Town had invested \$5,011,805 in Colorado Surplus Asset Fund Trust (CSAFE) Colorado Core (CORE). As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by CSAFE as allowed. CORE operates similarly to a money market fund and each share is equal in value to \$2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CSIP

At December 31, 2021, the Town had invested \$5,007,622 in Colorado Statewide Investment Program (CSIP) Liquid Portfolio (Portfolio). As an investment pool, CSIP operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSIP invests in securities that are specified by the Colorado Revised Statutes (24-75-601). The Portfolio authorized securities primarily include bank deposits (collateralized through PDPA), commercial paper, repurchase agreements, corporate securities, asset-backed securities and other Colorado LGIP funds inclusive of other funds offered by CSIP as allowed. The Portfolio operates similarly to a money market fund and each share is equal in value to \$1.00. CSIP records its investments at fair value and the Town records its investment in the Portfolio using the net asset value as determined by fair value. The Portfolio is rated AAAm by Standard & Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted cash and investments

As of December 31, 2021, cash is restricted as follows:

Restriction	Amount
Series 2012 Water Revenue Refunding and Improvement Bonds reserve	\$ 164,800
Sewer fund cash restricted for Facility Expansion and retiring PIF credits	3,479,393
Conservation trust proceeds restricted for parks and recreation expenditures	263,185
Emergency reserves required by legislation (see Note 14)	134,000
Total	<u>\$ 4,041,378</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Note 4 Capital assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 116,698	\$ —	\$ —	\$ 116,698
Total capital assets, not being depreciated	116,698	—	—	116,698
Capital assets being depreciated				
Buildings	2,758,311	10,019	—	2,768,330
Parks	391,555	78,321	—	469,876
Streets	9,295,538	42,254	—	9,337,792
Infrastructure	166,944	—	—	166,944
Equipment	1,311,016	68,028	27,600	1,351,444
Total capital assets being depreciated	13,923,364	198,622	27,600	14,094,386
Less accumulated depreciations for				
Buildings	387,486	66,377	—	453,863
Parks	296,421	19,578	—	315,999
Streets	1,670,187	311,260	—	1,981,447
Infrastructure	107,701	5,565	—	113,266
Equipment	1,048,378	43,559	23,657	1,068,280
Total accumulated depreciation	3,510,173	446,339	23,657	3,932,855
Total capital assets being depreciated, net	10,413,191	(247,717)	(3,943)	10,161,531
Capital assets, net	<u>\$ 10,529,889</u>	<u>\$ (247,717)</u>	<u>\$ (3,943)</u>	<u>\$ 10,278,229</u>

Depreciation expense of governmental activities were charged to the following functions:

Function	Amount
General government - administrative	\$ 93,453
Public safety – police	5,892
15,137Public works - streets	318,171
Public works - parks	19,578
	<u>\$ 446,339</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

	Balance at December 31, 2020	Additions	Deletions	Balance at December 31, 2021
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 318,851	\$ 15,713	\$ —	\$ 334,564
Water rights	509,688	—	—	509,688
Construction in progress	2,595,407	157,461	—	2,752,868
Total capital assets, not being depreciated	<u>3,423,946</u>	<u>173,174</u>	<u>—</u>	<u>3,597,120</u>
Capital assets being depreciated				
Building improvements	30,112	—	—	30,112
Building	2,244,666	14,458	—	2,259,124
Plant	22,260,212	81,337	—	22,341,549
Line and connections	4,625,273	—	—	4,625,273
Equipment	815,684	25,144	—	840,828
Meters	58,256	—	—	58,256
Vehicles	21,371	—	—	21,371
Total capital assets being depreciated	<u>30,055,574</u>	<u>120,938</u>	<u>—</u>	<u>30,176,513</u>
Less accumulated depreciations for				
Building improvements	29,573	1,269	—	30,842
Building	255,699	57,119	—	312,818
Plant	5,432,642	453,089	—	5,885,731
Line and connections	1,578,887	114,937	—	1,693,824
Equipment	550,444	54,754	—	605,198
Meters	58,256	—	—	58,256
Vehicles	9,928	3,270	—	13,198
Total accumulated depreciation	<u>7,915,429</u>	<u>684,438</u>	<u>—</u>	<u>8,599,867</u>
Total capital assets being depreciated, net	<u>22,140,145</u>	<u>(563,500)</u>	<u>—</u>	<u>21,576,646</u>
Capital assets, net	<u>\$ 25,564,091</u>	<u>\$ (390,326)</u>	<u>\$ —</u>	<u>\$ 25,173,766</u>

Depreciation expense of business type activities were charged to the following functions:

Function	Amount
Water operations	\$ 300,736
Sewer operations	383,702
	<u>\$ 684,438</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Note 5 Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2021:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Due Within One Year
<u>Governmental activities</u>					
2012 G. O. Refunding Bonds	\$ 485,000	\$ —	\$ 240,000	\$ 245,000	\$ 245,000
2018 Limited Tax G.O. Bonds	3,950,000	—	175,000	3,775,000	180,000
Bond premium	144,500	—	8,028	136,472	8,028
Capital leases	84,337	53,327	33,775	103,889	30,853
	<u>4,663,837</u>	<u>53,327</u>	<u>456,803</u>	<u>4,260,361</u>	<u>463,881</u>
<u>Business-type activities</u>					
Revenue bonds					
2012 Water	1,265,000	—	125,000	1,140,000	125,000
Bond premium	19,355	—	2,151	17,204	2,151
	<u>\$ 1,284,355</u>	<u>\$ —</u>	<u>\$ 127,151</u>	<u>\$ 1,157,204</u>	<u>\$ 127,151</u>

Bonds Payable

General Obligation Bonds, Series 2018, dated April 18, 2018

The bonds, in the original amount of \$4,500,000, mature on December 1, 2037, and require principal payments due on each December 1 with mandatory sinking fund redemption beginning in 2031. Interest at rates ranging from 3% to 4% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2026 and on any date thereafter, without redemption premium. The bonds were issued to fund general capital projects.

General Obligation Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of \$2,140,000, mature on December 1, 2022 with annual mandatory sinking fund principal payments due on each December 1. Interest at rates ranging from 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2019 and on any date thereafter, without redemption premium. The bonds were issued to refund the Series 2002 G.O. Bonds.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Capital Leases

During 2020 the Town entered a lease agreement for the purchase of police vehicles. The lease was for the capital cost of the equipment totaling \$106,809. The lease is due in payment of principal and interest of \$22,472 on November 20 through 2024. The lease bears an interest rate of 2.6%.

During 2021 the Town entered a lease agreement for the purchase of police vehicles. The lease was for the capital cost of the equipment totaling \$53,327. The lease is due in payment of principal and interest of \$11,303 on June 11 through 2025. The lease bears an interest rate of 2.99%.

In November 2021 the Town entered into a lease agreement for the purchase of a public works vehicle during the ensuing year. In connection with the agreement, the lessor established an Acquisition Fund to invest the purchase price of \$63,515 until the earlier of 1) a payment request and acceptance certificate for the leased equipment, 2) twelve months from the commencement date of the escrow agreement or 3) written notification by the Lessor that the lease has been terminated. The Town expects delivery and acceptance of the vehicles during the fall of 2022. Lease escrow and accounts payables include \$63,515 in order to correctly recognize this commitment as of December 31, 2021. Payments due under the terms of the lease are not included in the lease obligations below.

Water Revenue Refunding Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of \$2,180,000, mature annually on December 1 through December 1, 2029. Interest at the initial and current rate of 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, at any time on and after December 1, 2020, at the redemption price, plus accrued interest. The bonds were issued to refund the Series 1997 and 2007 Revenue and Improvement Bonds.

The bonds require the Town to maintain a reserve in the amount of \$164,800. At December 31, 2021, the cash restricted for the bond reserve was \$164,800.

Debt maturities

The bond obligations of the governmental activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 425,000	\$ 139,750	\$ 564,750
2023	190,000	127,000	317,000
2024	195,000	121,300	316,300
2025	200,000	115,450	315,450
2026	205,000	109,450	314,450
2027-2031	1,135,000	450,950	1,585,950
2032-2036	1,365,000	229,400	1,594,400
2037	305,000	12,200	317,200
	<u>\$ 4,020,000</u>	<u>\$ 1,305,500</u>	<u>\$ 5,325,500</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

The lease obligations of the governmental activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 30,853	\$ 2,922	\$ 33,775
2023	31,695	2,081	33,776
2024	32,559	1,216	33,775
2025	8,782	328	9,110
	<u>\$ 103,889</u>	<u>\$ 6,547</u>	<u>\$ 110,436</u>

The obligations of the business-type activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 125,000	\$ 32,538	\$ 157,538
2023	135,000	29,256	164,256
2024	135,000	25,713	160,713
2025	140,000	22,000	162,000
2026	145,000	18,150	163,150
2027-2029	460,000	27,900	487,900
	<u>\$ 1,140,000</u>	<u>\$ 155,557</u>	<u>\$ 1,295,557</u>

Debt authorization

As of December 31, 2021 the Town had no authorized but unissued debt.

Note 6 Net Position

The Town has net position consisting of three components –net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2021, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 10,278,229	\$ 25,173,766
Current portion of long-term debt	(463,881)	(127,151)
Long-term debt due in more than one year	(3,796,480)	(1,030,053)
Net investment in capital assets	<u>\$ 6,017,868</u>	<u>\$ 24,016,562</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Restricted net position includes net position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activities
Emergency reserves (see Note 13)	\$ 134,000	\$ —
Conservation trust	218,459	—
Bond debt service (see Note 5)	—	164,800
Restricted net position	<u>\$ 352,459</u>	<u>\$ 164,800</u>

As of December 31, 2021, the Town had an unrestricted net position of \$5,940,623 in governmental activities and unrestricted net position in business-type activities of \$22,856,362.

Note 7 State Fire and Police Pension Plan (FPPA)

Plan Description

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits

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

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest,

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. 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.

Members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of base salary for a total contribution rate of 20.0 percent in 2021. 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 will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Contributions to the SWDB plan from the Town were \$66,591 for the year ended December 31, 2021.

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

At December 31, 2021, the Town reported an asset of \$196,502 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the Town's proportion was 0.09051 percent, which was an increase of 0.0013 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of (\$81,915). At December 31, 2021, the Town 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	\$ 166,653	\$ 782
Changes of assumptions or other inputs	83,575	—
Net difference between actual and projected earnings on pension plan investments	—	201,836
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,798	18,690
Contributions subsequent to the measurement date	66,591	—
Total	<u>\$ 324,617</u>	<u>\$ 221,308</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

\$66,591 in total reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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,	Amount
2022	\$ (24,706)
2023	1,473
2024	(32,484)
2025	2,058
2026	34,993
Thereafter	55,384

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2021	January 1, 2020
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%	0.0%

*Includes Inflation at 2.5%

For determining the total pension liability and actuarially determined contributions, 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 preretirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00	6.87
Illiquid Alternatives	26.00	10.63
Fixed Income	10.00	4.01
Absolute Return	5.00	5.25
Managed Futures	10.00	5.60
Cash	2.00	2.32
Total	100.00	

Discount rate

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 FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 197,748	\$ (196,502)	\$ (522,990)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Changes Between the Measurement Date of the Net Pension Asset and December 31, 2021

During 2020, legislation was passed effective January 1, 2021 that amended the Statewide Defined Benefit Plan. The stabilization reserve accounts (SRA) of the Defined Benefit System became self-directed accounts with assets of \$123.6 million transferred to the FPPA Members' Self-Directed Investment Fund after the January 1, 2021 actuarial valuation date. This transfer does not impact the net pension asset of the plan as the transfer of assets will reduce both the total pension liability and the plan fiduciary net position..

Note 8 Fire and Police Pension Association (FPPA) – 457 Plan

Employees of the Town who are members of the FPPA Statewide Defined Benefit Plan may voluntarily contribute to the FPPA 457 Deferred Compensation Plan (FPPA 457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is voluntary, and contributions are separate from others made to FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 1-800-332-FPPA (3772).

The FPPA 457 Plan is funded by voluntary member contributions of up to maximum limit set by the IRS (\$19,500 for 2021). Catch-up contributions of up to \$6,500 are allowed for participants who had attained the age of 50 before the close of the plan year. Plan member pre- tax contributions to the 457 Plan were \$660 for 2021.

Note 9 Defined Benefit Pension Plan – PERA, Non-police staff

General Information about the Pension Plan

Plan Description

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

Benefits Provided as of December 31, 2020

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

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

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

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions of December 31, 2021

Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period 1/1/2021 through 12/31/2021 are summarized in the table below:

	January 1, 2021 through June 30, 2021	July 1, 2021 through December 30, 2021
Employee contribution	8.50%	8.50%

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2021 through June 30, 2021	July 1, 2021 through December 30, 2021
Employer Contribution Rate*	10.50%	10.50%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)*	(1.02)%	(1.02)%
Amount Apportioned to LGDTF*	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411*	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%
Total Employer Contribution Rate to the LGDTF*	13.20%	13.20%

* Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$127,006 for the year ended December 31, 2021.

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

At December 31, 2021, the Town reported a liability of \$608,379 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Town's proportion was 0.11674 percent, which was a decrease of 0.014889 percent from its proportion measured as of December 31, 2019.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

For the year ended December 31, 2021, the Town recognized a credit to pension expense of (\$130,072). At December 31, 2021, the Town 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
Difference between Expected and Actual Experience	\$ 29,415	\$ —
Changes of Assumptions of other Inputs	147,021	—
Net Difference between Projected and Actual Earnings on Pension Plan Investments	—	657,928
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	82,716	—
Contributions Subsequent to Measurement Date	127,006	—
Total	<u>\$ 386,158</u>	<u>\$ 657,928</u>

\$127,006 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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,	Amount
2022	\$ (11,132)
2023	(60,783)
2024	(223,026)
2025	(103,835)
2026	—
Thereafter	—

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 – 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hire Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	1.25% Compounded Annually
PERA Benefit Structure Hire After December 31, 2006 (Ad Hoc, Substantively Automatic)	Finance by the Annual Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.20%-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows::

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives ¹	6.00	4.70
Total	100.00	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

Discount rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.0 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net Pension Liability	\$ 1,401,463	\$ 608,379	\$ (53,743)

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Pension plan fiduciary net position

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

Note 10 Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

PERA Benefit Structure

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$9,724 for the year ended December 31, 2021.

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

At December 31, 2021, the Town reported a liability of \$84,684 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the Town's proportion was 0.008912 percent, which was a decrease of 0.00111 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized OPEB expense of (\$11,590). At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 225	\$ 18,618
Changes of Assumptions of Other Inputs	633	5,193
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	—	3,460
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	20,546	876
Contributions Subsequent to Measurement Date	9,724	—
Total	<u>\$ 31,128</u>	<u>\$ 28,147</u>

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

\$9,724 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (391)
2023	93
2024	(2,999)
2025	(3,642)
2026	171
Thereafter	25

Actuarial assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50% in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates:	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	8.10% in 2020, gradually decreasing to 4.50% in 2029
Medicare Part A Premiums	3.50% for 2020, gradually increasing to 4.50% in 2029

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019 valuation, the following monthly costs/premiums are assumed for 2020 for the PERA Benefit Structure:

<u>Medicare Plan</u>	<u>Initial Costs for Members without Medicare Part A</u>		
	<u>Monthly Cost</u>	<u>Monthly Premium</u>	<u>Monthly Cost Adjusted to Age 65</u>
Medicare Advantage/Self-Insured Prescription	\$ 588	\$ 227	\$ 550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2019 Medicare Part A premium is \$458 (actual dollars) per month.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

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

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

The mortality assumption for disabled retirees was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Local Government Division of the Trust Fund
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20% - 11.30%

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds were applied in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives ¹	6.00	4.70
Total	100.00	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	\$ 82,495	\$ 84,684	\$ 87,232

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	\$ 97,007	\$ 84,684	\$ 74,155

OPEB plan fiduciary net position

Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 11 Defined Contribution Plan

The Town offers to employees participation in the Town of Lochbuie Section 457(b) Deferred Compensation Plan (457 Plan), an Internal Revenue Code Section 457 defined contribution plan. Nationwide Life Insurance Company is contracted to manage contributions and maintain participant accounts. Plan participation is voluntary.

The 457 Plan is funded by voluntary member contributions of up to maximum limit set by the IRS (\$19,500 for 2021). Catch-up contributions of up to \$6,500 are allowed for participants who had attained the age of 50 before the close of the plan year. Plan member contributions to the 457 Plan were \$6,122 for 2021.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Note 12 Intergovernmental Agreements

Beebe Draw Wastewater Service Agreement

Effective August 14, 2009 the Town entered into the First Amended and Restated Beebe Draw Wastewater Service Agreement with the City of Brighton (Brighton) and the South Beebe Draw Metropolitan District (SBDMD). Under the terms of the agreement, the Town will maintain its wastewater treatment plant capacity to serve the Beebe Draw service area to full development. The expansion required to achieve the capacity is funded by special charges in the form of Plant Investment Fees (PIFs) which are to be collected and remitted to an income-producing escrow account. The escrow account was governed by an Escrow Agreement executed by the Town and Brighton. The Town is the owner, operator and manager of the treatment plant. PIFs in the escrow account are for the development, acquisition and construction of future facility expansions to serve property in the Beebe Draw Service Area.

In June 2021, the Town with the City of Brighton and the South Beebe Draw Metropolitan District entered into The First Amendment to the First Amended and Restated Beebe Draw Wastewater Service Agreement. The amendment replaced certain parts of the 2009 agreement. The Town is required to deposit the PIFs collected by the Town and Brighton in a segregated income-producing account with funds disbursed solely for the purposes set forth in the agreement. The PIF was set at a rate of \$4,725 per sewer tap effective January 1, 2018. Funds are submitted to the account on a monthly basis by the Town and Brighton. As of December 31, 2021, the PIF account had a balance of \$3,479,393.

Note 13 Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

Note 14 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (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 Town's management believes the Enterprise funds of the Town qualify for this exclusion.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2021

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The Town 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 qualification as an Enterprise will require judicial interpretation.

The Town passed a ballot question on November 5, 1996. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restrictions of Article X, Section 20, of the Colorado Constitution, and spend as a voter-approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services. In 2016, the Town received notification from the State of Colorado Department of Local Affairs that they have determined that the ballot question language is not sufficient to remove the Town from the statutory property revenue tax limitation of 5.5%.

Note 15 Commitments and Contingencies

Claims and Judgments

The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2021, grant expenditures had not been audited, but the Town believes that any future audits will not discover disallowed expenditures that would have a material effect on any of the individual governmental funds or the overall financial position of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CONSERVATION TRUST FUND**

For the Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget - Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 70,000	\$ 87,690	\$ 17,690
Interest earnings	322	128	(194)
Total revenues	<u>70,322</u>	<u>87,818</u>	<u>17,496</u>
Expenditures			
Parks, recreation and improvements	19,673	-	19,673
Capital outlay	250,000	78,321	171,679
Total expenditures	<u>269,673</u>	<u>78,321</u>	<u>19,673</u>
Excess of revenues over (under) expenditures	(199,351)	9,497	208,848
Fund balance - beginning of year	<u>202,108</u>	<u>208,962</u>	<u>6,854</u>
Fund balance - end of year	<u>\$ 2,757</u>	<u>\$ 218,459</u>	<u>\$ 215,702</u>

Town of Lochbule, Colorado

Schedule of the Town's Proportionate Share of the Net Pension Liability (FPPA)
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Town's Proportion of the Net Pension Liability (Asset)	0.090511955%	0.091812404%	0.089265284%	0.090542949%	0.094209938%	0.081311343%	0.073849047%	0.068573088%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ (196,502)	\$ (51,926)	\$ 112,856	\$ (130,260)	\$ 34,042	\$ (1,433)	\$ (83,344)	\$ (61,317)
Town's Covered Payroll	\$ 726,997	\$ 676,691	\$ 406,175	\$ 559,800	\$ 482,150	\$ 393,362	\$ 332,133	\$ 297,842
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(27.0%)	(7.7%)	27.8%	(23.3%)	7.1%	(0.4%)	(25.1%)	(20.6%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.7%	95.2%	95.2%	106.3%	100.1%	100.1%	106.8%	105.8%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2014 was not available.

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 66,591	\$ 58,160	\$ 54,135	\$ 32,494	\$ 44,784	\$ 38,572	\$ 31,534	\$ 26,571	\$ 23,827
Contributions in Relation to the Contractually Required Contribution	66,591	58,160	54,135	32,494	44,784	38,572	31,534	26,571	23,827
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 785,158	\$ 726,997	\$ 676,691	\$ 406,175	\$ 559,800	\$ 482,150	\$ 393,262	\$ 332,133	\$ 297,842
Contributions as a Percentage of Covered Payroll	8%	8%	8%	8%	8%	8%	8%	8%	8%

Town of Lochbuie, Colorado

Schedule of the Town's Proportionate Share of the Net Pension Liability (PERA)

Last Ten Fiscal Years

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2021	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Town's Proportion of the Net Pension Liability	0.116742964%	0.101853158%	0.101937585%	0.096456296%	0.081126783%	0.066948385%	0.058781875%	0.064159924%
Town's Proportionate Share of the Net Pension Liability	\$ 608,379	\$ 744,945	\$ 1,281,573	\$ 1,073,973	\$ 1,095,488	\$ 737,491	\$ 526,867	\$ 527,985
State's Proportionate Share of the Net Pension Liability associated with the (Entity) **	-	-	16,753,563	-	-	-	-	-
Town's Covered Payroll	\$ 833,121	\$ 687,567	\$ 578,304	\$ 550,481	\$ 594,660	\$ 457,823	\$ 351,416	\$ 322,098
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	73.0%	108.3%	221.6%	195.1%	184.2%	161.1%	149.9%	163.9%
Total Pension Liability	90.9%	86.3%	76.0%	79.4%	73.6%	76.9%	80.7%	77.7%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

**Schedule of Town Contributions
Last Ten Fiscal Years**

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 127,006	\$ 107,688	\$ 87,183	\$ 73,329	\$ 69,801	\$ 75,403	\$ 58,052	\$ 44,559	\$ 40,842
Contributions in Relation to the Contractually Required Contribution	127,006	107,688	87,183	73,329	69,801	75,403	58,052	44,559	40,842
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 953,307	\$ 833,121	\$ 687,567	\$ 578,304	\$ 550,481	\$ 594,660	\$ 457,823	\$ 351,416	\$ 322,098
Contributions as a Percentage of Covered Payroll	13.3%	12.9%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%

Town of Lochbuie, Colorado

**Schedule of the Town's Proportionate Share of the Net OPEB Liability (PERA)
Last Ten Fiscal Years**

Fiscal Year	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Town's Proportion of the Collective Net OPEB Liability	0.0089119538%	0.0078007272%	0.0078981950%	0.0074951007%	0.0062275787%
Town's Proportionate Share of the Collective Net OPEB Liability	\$ 84,684	\$ 87,679	\$ 107,458	\$ 97,406	\$ 80,743
Covered payroll	\$ 833,121	\$ 687,567	\$ 578,304	\$ 550,481	\$ 594,660
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	10.16%	12.75%	18.58%	17.69%	13.58%
Plan Fiduciary Net Position as a Percentage	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

**Schedule of Town Contributions
Last Ten Fiscal Years**

Fiscal Year	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 9,724	\$ 8,498	\$ 7,013	\$ 5,903	\$ 6,207	\$ 6,065
Contributions in Relation to the Contractually Required Contribution	\$ 9,724	\$ 8,498	\$ 7,013	\$ 5,903	\$ 6,207	\$ 6,065
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 953,307	\$ 833,121	\$ 687,567	\$ 578,304	\$ 550,481	\$ 594,660
Contributions as a Percentage of Covered Payroll	1.0%	1.0%	1.0%	1.0%	1.1%	1.0%

SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - WATER**

For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	\$ 2,200,000	\$ 2,378,243	\$ 178,243
Other operating	234,249	154,220	(80,029)
Tap fees/PIFs	1,321,164	338,715	(982,449)
Interest earnings	8,370	4,521	(3,849)
Other revenue	1,500	917,929	916,429
Total revenues	<u>3,765,283</u>	<u>3,793,628</u>	<u>28,345</u>
Expenditures			
Operations	1,231,570	789,958	441,612
Administrative and general	922,296	581,931	340,365
Capital outlay	5,068,000	214,145	4,853,855
Debt service	160,663	158,512	2,151
Total expenditures	<u>7,382,529</u>	<u>1,744,546</u>	<u>5,637,983</u>
Changes in fund balance	(3,617,246)	2,049,082	5,666,328
Funds available - beginning of year	<u>10,726,638</u>	<u>9,441,416</u>	<u>(1,285,222)</u>
Funds available - end of year	<u>\$ 7,109,392</u>	<u>\$ 11,490,498</u>	<u>\$ 4,381,106</u>

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Revenues (budgetary basis)	<u>\$ 3,793,628</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>3,793,628</u>
Expenditures (budgetary basis)	1,744,546
Depreciation	300,736
Principal payments of debt	(125,000)
Capital outlay	<u>(214,145)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,706,137</u>
Change in net assets per Statement of Revenues, Expenses and Changes in Position	<u>\$ 2,087,491</u>

Town of Lochbuie, Colorado

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - SEWER**

For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,020,000	\$ 1,031,529	\$ 11,529
Other operating	922,000	1,008,920	86,920
Tap fees/PIFs	1,909,812	3,642,881	1,733,069
Interest earnings	7,525	4,327	(3,198)
Total revenues	<u>3,859,337</u>	<u>5,687,657</u>	<u>1,828,320</u>
Expenditures			
Operations	1,261,386	969,873	291,513
Administrative and general	434,173	209,767	224,406
Capital outlay	2,149,000	64,252	2,084,748
Total expenditures	<u>3,844,559</u>	<u>1,243,892</u>	<u>2,600,667</u>
Excess of revenues over expenditures	14,778	4,443,765	4,428,987
Funds available - beginning of year	<u>5,976,054</u>	<u>6,516,755</u>	<u>540,701</u>
Funds available - end of year	<u><u>\$ 5,990,832</u></u>	<u><u>\$ 10,960,520</u></u>	<u><u>\$ 4,969,688</u></u>

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Revenues (budgetary basis)	\$ 5,687,657
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>5,687,657</u>
Expenditures (budgetary basis)	1,243,892
Depreciation	383,702
Capital outlay	(64,252)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,563,342</u>
Change in net assets per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 4,124,315</u></u>

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2021

Year Ended December 31,	\$2,140,000 General Obligation Bonds, Series 2012 Principal Due December 1, Interest Rate 2% to 3% Payable June 1 and December 1			\$4,500,000 Limited Tax General Obligation Bonds, Series 2018 Principal Due December 1 Interest Rate 2% to 4% Payable June 1 and December 1		
	Principal	Interest	Total	Principal	Interest	Total
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2022	\$ 245,000	\$ 7,350	\$ 252,350	\$ 180,000	\$ 132,400	\$ 312,400
2023	-	-	-	190,000	127,000	317,000
2024	-	-	-	195,000	121,300	316,300
2025	-	-	-	200,000	115,450	315,450
2026	-	-	-	205,000	109,450	314,450
2027	-	-	-	210,000	103,300	313,300
2028	-	-	-	220,000	97,000	317,000
2029	-	-	-	225,000	90,400	315,400
2030	-	-	-	235,000	83,650	318,650
2031	-	-	-	245,000	76,600	321,600
2032	-	-	-	250,000	66,800	316,800
2033	-	-	-	260,000	56,800	316,800
2034	-	-	-	275,000	46,400	321,400
2035	-	-	-	285,000	35,400	320,400
2036	-	-	-	295,000	24,000	319,000
2037	-	-	-	305,000	12,200	317,200
	<u>\$ 245,000</u>	<u>\$ 7,350</u>	<u>\$ 252,350</u>	<u>\$ 3,775,000</u>	<u>\$ 1,298,150</u>	<u>\$ 5,073,150</u>

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2021

(continued)

**\$2,180,000 Water
Revenue Bonds, Series 2012
Principal Due December 1
Interest Rate 2% to 3%
Payable June 1 and December 1**

Year Ended December 31,	Total			Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 125,000	\$ 32,538	\$ 157,538	\$ 550,000	\$ 172,288	\$ 722,288
2023	135,000	29,256	164,256	325,000	156,256	481,256
2024	135,000	25,713	160,713	330,000	147,013	477,013
2025	140,000	22,000	162,000	340,000	137,450	477,450
2026	145,000	18,150	163,150	350,000	127,600	477,600
2027	150,000	13,800	163,800	360,000	117,100	477,100
2028	150,000	9,300	159,300	370,000	106,300	476,300
2029	160,000	4,800	164,800	385,000	95,200	480,200
2030	-	-	-	235,000	83,650	318,650
2031	-	-	-	245,000	76,600	321,600
2032	-	-	-	250,000	66,800	316,800
2033	-	-	-	260,000	56,800	316,800
2034	-	-	-	275,000	46,400	321,400
2035	-	-	-	285,000	35,400	320,400
2036	-	-	-	295,000	24,000	319,000
2037	-	-	-	305,000	12,200	317,200
	<u>\$ 1,140,000</u>	<u>\$ 155,557</u>	<u>\$ 1,295,557</u>	<u>\$ 5,160,000</u>	<u>\$ 1,461,057</u>	<u>\$ 6,621,057</u>

Town of Lochbuie, Colorado

HISTORY OF TOWN ASSESSED VALUATION

December 31, 2021

Levy Year/ Collection Year	Weld County	Adams County	Total Assessed Valuation	Percent Change
2012/2013	\$ 18,463,420	\$ 199,310	\$ 18,662,730	
2013/2014	17,008,537	223,580	17,232,117	-7.67%
2014/2015	16,957,900	191,260	17,149,160	-0.48%
2015/2016	22,984,210	132,630	23,116,840	34.80%
2016/2017	24,756,620	127,890	24,884,510	7.65%
2017/2018	34,280,430	160,280	34,440,710	38.40%
2018/2019	38,033,630	97,900	38,131,530	10.72%
2019/2020	51,880,640	351,970	52,232,610	36.98%
2020/2021	76,745,480	100,100	76,845,580	47.12%
2021/2022	69,105,590	402,430	69,508,020	-9.55%

Source: Weld County and Adams County Assessors' Offices

SPECIAL REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Lochbuie
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of Town of Lochbuie)	Prepared By: Phone:	Denise Rademacher 303-990-5775

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 expense				
3. Minus amount used for nonhighway purpose				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user tax:	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriation:	
3. Other local imposts (from page 2)	1,208,190
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issue	0
b. Bonds - Refunding Issue	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,208,190
B. Private Contributions	0
C. Receipts from State government (from page 2)	265,379
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,473,569

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	42,254
2. Maintenance:	43,913
3. Road and street services	
a. Traffic control operation	21,739
b. Snow and ice removal	6,087
c. Other	0
d. Total (a. through c.)	27,826
4. General administration & miscellaneous	113,760
5. Highway law enforcement and safety	0
6. Total (1 through 5)	227,753
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	152,200
b. Redemption	415,000
c. Total (a. + b.)	567,200
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	567,200
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	794,953

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	4,548,925	0	415,000	4,133,925
1. Bonds (Refunding Portion)				
B. Notes (Total)		0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,473,569	794,953	678,616	(0)

Notes and Comments:

In 2020, the Town completed two large road improvement projects expending over \$4M from the General Fund. In 2021, no new projects were started and very little road maintenance was completed due to staffing changes / shortages which contributed to the excess receipts disbursements. The Town does not have a dedicated Road and Street Fund. It is a Department within the General Fund. As such, it has beginning and ending fund balance. Having a positive ending "fund balance" this year does not reflect the \$4M contribution from the General Fund in 2020 or large General Fund appropriation in previous year

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy)	
		December 2021	
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	572,138	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	517,332	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	27,992	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	90,728	g. Other Misc. Receipts	0
6. Total (1. through 5.)	636,052	h. Other	0
c. Total (a. + b.)	1,208,190	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government:		D. Receipts from Federal Government:	
1. Highway-user taxes	236,873	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	28,506	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	28,506	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	265,379	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	0
b. Engineering Costs		42,254	42,254
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	42,254	42,254
			(Carry forward to page 1)
Notes and Comments:			