

City of Lamar
Lamar, Colorado

Financial Statements
with
Independent Auditor's Report

For the Year Ended
December 31, 2021

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FINANCIAL SECTION

Independent Auditor's Report

Member of City Council
City of Lamar, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lamar (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City 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 City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 City'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 City'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 and the required supplementary pension and budgetary comparison information 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.

Management has elected to omit the management's discussion and analysis which is required by the Governmental Accounting Standards Board. The omission of this information does not affect our opinion.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, the local highway finance report, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, the local highway finance report, and schedule of expenditures of federal awards 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

rfarmer, llc
July 11, 2022

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows where applicable, of all funds and activities as of December 31, 2021.

City of Lamar, Colorado
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	\$ 8,881,221	\$ 14,431,924	\$ 23,313,145
Receivables	3,296,840	2,425,782	5,722,622
Internal Balances	723,952	(647,648)	76,304
Due from Other Governmental Agencies	76,388	-	76,388
Inventories	-	1,026,742	1,026,742
Other assets	127	22	149
Capital Assets:			
Capital Assets not being Depreciated	5,417,457	8,747,954	14,165,411
Capital Assets being Depreciated	32,361,581	59,637,832	91,999,413
Less: Accumulated Depreciation	(17,653,189)	(35,403,104)	(53,056,293)
Net Pension Asset	948,309	-	948,309
Total Capital Assets	<u>21,074,158</u>	<u>32,982,682</u>	<u>54,056,840</u>
Total Assets	<u>34,052,686</u>	<u>50,219,504</u>	<u>84,272,190</u>
DEFERRED OUTFLOWS OF RESOURCES			
Net Deferred Outflows Pensions	77,750	976,282	1,054,032
Net Deferred Outflows OPEB	-	18,557	18,557
Total Deferred Outflows	<u>77,750</u>	<u>994,839</u>	<u>1,072,589</u>
Total Assets and Deferred Outflows	<u>34,130,436</u>	<u>51,214,343</u>	<u>85,344,779</u>
LIABILITIES			
Accounts payable and accrued expenses	1,674,214	1,201,763	2,875,977
Due to other governmental agencies	519,876	-	519,876
Deferred revenues	962,042	-	962,042
Customer deposits	-	456,922	456,922
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	393,311	1,186,818	1,580,129
Accrued interest payable	34,264	40,333	74,597
Compensated Absences	91,671	69,205	160,876
Net pension liability	-	1,388,506	1,388,506
Due in more than one year			
Bonds, capital leases and contracts	1,088,769	6,701,037	7,789,806
Compensated absences	366,682	352,459	719,141
Landfill closure costs	-	361,532	361,532
Total liabilities	<u>5,130,829</u>	<u>11,758,575</u>	<u>16,889,404</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	493,989	-	493,989
Deferred Inflows of Pensions	176,018	1,736,203	1,912,221
Deferred Inflows of OPEB	-	54,629	54,629
Total Deferred Inflows	<u>670,007</u>	<u>1,790,832</u>	<u>2,460,839</u>
NET POSITION			
Net Investment in Capital Assets	18,643,769	25,111,593	43,755,362
Restricted	392,994	-	392,994
Unrestricted	9,292,837	12,553,343	21,846,180
Total Net Position	<u>\$ 28,329,600</u>	<u>\$ 37,664,936</u>	<u>\$ 65,994,536</u>

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

City of Lamar, Colorado
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 3,882,264	\$ 896,366	\$ 2,744	\$ -	\$ (2,983,154)	\$ -	\$ (2,983,154)
Public Safety	2,927,423	217,604	271,305	-	(2,438,514)	-	(2,438,514)
Public Works	1,544,262	61,109	2,947,484	-	1,464,331	-	1,464,331
Cemetery	312,741	73,056	-	-	(239,685)	-	(239,685)
Culture and Recreation	1,855,949	213,812	190,034	-	(1,452,103)	-	(1,452,103)
Total governmental activities	10,522,639	1,461,947	3,411,567	-	(5,649,125)	-	(5,649,125)
Business-type activities:							
Utility	13,452,583	15,587,449	-	-	-	2,134,866	2,134,866
Water	1,966,227	3,061,396	1,088,092	1,491,194	-	3,674,455	3,674,455
Sanitation	943,888	1,602,662	-	-	-	658,774	658,774
Ambulance	447,051	316,911	120,000	-	-	(10,140)	(10,140)
Total business-type activities	16,809,749	20,568,418	1,208,092	1,491,194	-	6,457,955	6,457,955
Total primary government	\$ 27,332,388	\$ 22,030,365	\$ 4,619,659	\$ 1,491,194	(5,649,125)	6,457,955	808,830
General revenues:							
Taxes:							
Property taxes, levied for general purposes					606,761	-	606,761
Cigarette tax					13,656	-	13,656
Sales & SO tax					4,889,929	-	4,889,929
Unrestricted investment earnings					17,935	25,227	43,162
Miscellaneous					1,762,089	235,015	1,997,104
Special item - gain (loss) on disposition of assets					89,760	2,393	92,153
Transfers					2,609,536	(2,609,536)	-
Total general revenues, special items, and transfers					9,989,666	(2,346,901)	7,642,765
Change in net assets					4,340,541	4,111,054	8,451,595
Net position - beginning					23,988,675	33,553,882	57,542,557
Net position - ending					\$ 28,329,600	\$ 37,664,936	\$ 65,994,536

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

**City of Lamar, Colorado
Balance Sheet
Governmental Funds
December 31, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,485,822	\$ (748,165)	\$ 1,143,565	\$ 8,881,222
Taxes receivable, net	493,989	-	-	493,989
Due from other funds	811,108	-	59	811,167
Receivable from other governments	-	-	76,388	76,388
Other receivables	67,668	2,147,884	587,299	2,802,851
Prepaid expenses	127	-	-	127
Total assets	<u>9,858,714</u>	<u>1,399,719</u>	<u>1,807,311</u>	<u>13,065,744</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	810,999	1,248,833	13,936	2,073,768
Due to other funds	-	61,760	25,457	87,217
Deferred revenue	962,042	-	-	962,042
Accrued salaries and benefits	110,396	-	9,926	120,322
Total liabilities	<u>1,883,437</u>	<u>1,310,593</u>	<u>49,319</u>	<u>3,243,349</u>
 DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	<u>493,989</u>	<u>-</u>	<u>-</u>	<u>493,989</u>
 Fund balances:				
Committed	-	723,241	1,899,003	2,622,244
Nonspendable - Prepaids	127	-	-	127
Restricted	392,994	15,716	426,110	834,820
Unassigned	7,088,167	(649,831)	-	6,438,336
Unreserved, reported in non-major:				
Special revenue funds	-	-	(567,121)	(567,121)
Total fund balances	<u>7,481,288</u>	<u>89,126</u>	<u>1,757,992</u>	<u>9,328,406</u>
Total liabilities and fund balances	<u>\$ 9,858,714</u>	<u>\$ 1,399,719</u>	<u>\$ 1,807,311</u>	<u>\$ 13,065,744</u>

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

City of Lamar, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2021

Total fund balance, governmental funds	\$	9,328,406
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		21,151,908
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(2,150,715)
Rounding		<u>1</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>28,329,600</u></u>

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

City of Lamar, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 457,986	\$ -	\$ 168,298	\$ 626,284
Specific Ownership tax	74,657	-	-	74,657
Sales taxes	-	-	4,815,272	4,815,272
Fees and fines	42,213	-	7,935	50,148
Licenses and permits	160,770	-	16,702	177,472
Intergovernmental	888,997	2,620,263	259,465	3,768,725
Charges for services	1,045,505	6,000	174,860	1,226,365
Investment earnings	14,683	941	2,311	17,935
Miscellaneous	1,288,733	97,728	20,842	1,407,303
Donations	109	-	-	109
Total revenues	<u>3,973,653</u>	<u>2,724,932</u>	<u>5,465,685</u>	<u>12,164,270</u>
EXPENDITURES				
Current:				
General government	2,977,512	-	162,503	3,140,015
Public safety	2,128,667	163,809	523,864	2,816,340
Public works	1,339,058	-	-	1,339,058
Cemetery	2,087,286	-	-	2,087,286
Culture and recreation	-	21,425	59,227	80,652
Debt Service:	392,569	-	-	392,569
Capital Outlay	1,884,400	3,522,620	27,104	5,434,124
Total Expenditures	<u>10,809,492</u>	<u>3,707,854</u>	<u>772,698</u>	<u>15,290,044</u>
Excess (deficiency) of revenues over expenditures	<u>(6,835,839)</u>	<u>(982,922)</u>	<u>4,692,987</u>	<u>(3,125,774)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from other financing sources	777,787	-	-	777,787
Sale of equipment	89,760	-	-	89,760
Transfers in	7,362,935	348,806	260,130	7,971,871
Transfers out	(286,976)	-	(5,075,359)	(5,362,335)
Total other financing sources and uses	<u>7,943,506</u>	<u>348,806</u>	<u>(4,815,229)</u>	<u>3,477,083</u>
Net change in fund balances	1,107,667	(634,116)	(122,242)	351,309
Fund balances - beginning	6,373,621	723,242	1,880,234	8,977,097
Fund balances - ending	<u>\$ 7,481,288</u>	<u>\$ 89,126</u>	<u>\$ 1,757,992</u>	<u>\$ 9,328,406</u>

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

City of Lamar, 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:	\$	351,309
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$5,434,124 exceeded depreciation of \$470,248 in the current period.</p>		4,963,876
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>		(622,924)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		(351,335)
Rounding		<u>(385)</u>
Change in net position of governmental activities	\$	<u><u>4,340,541</u></u>

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

City of Lamar, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021

	Enterprise Funds				Total
	Utility Fund	Water	Sanitation	Ambulance	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,611,002	\$ 1,550,236	\$ 2,197,555	\$ 73,127	\$ 14,431,920
Accounts Receivable, net	1,333,795	190,288	133,994	186,384	1,844,461
Due from other funds	-	-	(53,047)	76,303	23,256
Other receivables	102,785	436,323	46,945	(4,734)	581,319
Inventories	944,313	82,429	-	-	1,026,742
Prepaid Expenses	-	-	-	22	22
Total current assets	12,991,895	2,259,276	2,325,447	331,102	17,907,720
Non-current assets:					
Capital Assets:					
Land and right of ways	668,327	103,335	18,000	-	789,662
Capital assets being depreciated	34,403,211	20,833,386	3,080,917	1,320,318	59,637,832
Construction in Progress	-	6,367,075	-	-	6,367,075
Intangibles and water rights	-	1,591,216	-	-	1,591,216
Less Accumulated depreciation	(23,148,056)	(9,375,237)	(2,007,642)	(872,168)	(35,403,103)
Total non-current assets	11,923,482	19,519,775	1,091,275	448,150	32,982,682
Total assets	24,915,377	21,779,051	3,416,722	779,252	50,890,402
DEFERRED OUTFLOWS OF RESOURCES					
Net Deferred Outflows Pensions	976,282	-	-	-	976,282
Net Deferred Outflows OPEB	18,557	-	-	-	18,557
Total Deferred Outflows	994,839	-	-	-	994,839
Total assets and deferred outflows	25,910,216	21,779,051	3,416,722	779,252	51,885,241
LIABILITIES					
Current Liabilities:					
Accounts payable	906,446	128,328	93,856	(326)	1,128,304
Salaries payable	47,091	12,912	9,903	6,281	76,187
Accrued interest payable	21,611	18,722	-	-	40,333
Due to other funds	21,575	104,335	135,308	409,687	670,905
Other accrued expenses	(19,570)	(15,700)	32,538	-	(2,732)
Compensated absences	69,205	16,764	6,936	3,855	96,760
Customer deposits	380,401	76,521	-	-	456,922
Bonds, notes and loans payable	376,823	728,562	56,005	25,428	1,186,818
Total current liabilities	1,803,582	1,070,444	334,546	444,925	3,653,497
Non-current liabilities:					
Compensated absences	221,534	75,788	28,928	15,418	341,668
Net pension liability	1,388,506	-	-	-	1,388,506
Landfill closure costs	-	-	361,532	-	361,532
Bonds, notes and loans payable	381,396	6,219,204	57,544	26,127	6,684,271
Total non-current liabilities	1,991,436	6,294,992	448,004	41,545	8,775,977
Total liabilities	3,795,018	7,365,436	782,550	486,470	12,429,474
DEFERRED INFLOWS OF RESOURCES					
Net Deferred Inflows Pensions	1,736,203	-	-	-	1,736,203
Net Deferred Inflows OPEB	54,629	-	-	-	54,629
Total Deferred Inflows	1,790,832	-	-	-	1,790,832
Net Position					
Net investment in capital assets	11,165,263	12,572,009	977,726	396,595	25,111,593
Unrestricted	9,159,103	1,841,606	1,656,446	(103,813)	12,553,342
Total Net Position	\$ 20,324,366	\$ 14,413,615	\$ 2,634,172	\$ 292,782	\$ 37,664,935

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

City of Lamar, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2021

	Enterprise Funds				Total
	Utility Fund	Water	Sanitation	Ambulance	
REVENUES					
Charges for services	\$ 14,713,671	\$ 3,202,742	\$ 1,602,662	\$ 316,911	\$ 19,835,986
Miscellaneous	-	21,840	-	-	21,840
Total operating revenues	<u>14,713,671</u>	<u>3,224,582</u>	<u>1,602,662</u>	<u>316,911</u>	<u>19,857,826</u>
OPERATING EXPENSES					
Personal services	1,052,538	656,163	504,669	317,057	2,530,427
Contractual services	-	35,262	-	-	35,262
Power and water purchased	8,921,398	333,611	-	-	9,255,009
Utilities	-	6,426	8,530	723	15,679
Repairs and maintenance	1,721,353	40,970	209,845	7,831	1,979,999
Other supplies and expenses	239,773	271,068	190,054	13,802	714,697
Insurance claims and expenses	291,516	82,054	26,397	24,689	424,656
Depreciation	1,058,450	431,151	96,415	85,183	1,671,199
Total Operating Expenses	<u>13,285,028</u>	<u>1,856,705</u>	<u>1,035,910</u>	<u>449,285</u>	<u>16,626,928</u>
Operating income (loss)	<u>1,428,643</u>	<u>1,367,877</u>	<u>566,752</u>	<u>(132,374)</u>	<u>3,230,898</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue	20,846	2,729	1,611	42	25,228
Miscellaneous revenue	873,871	32,534	130,430	85,655	1,122,490
Operating grants and contributions	-	2,546,752	-	120,000	2,666,752
Interest expense	(26,937)	(121,169)	(4,622)	-	(152,728)
Miscellaneous expenses	(140,705)	(35,972)	-	(2,486)	(179,163)
Total non-operating revenue (expenses)	<u>727,075</u>	<u>2,424,874</u>	<u>127,419</u>	<u>203,211</u>	<u>3,482,579</u>
Income (loss) before contributions and transfers	2,155,718	3,792,751	694,171	70,837	6,713,477
Transfers in	-	-	-	26,846	26,846
Transfers out	(1,922,785)	(402,951)	(310,646)	-	(2,636,382)
Special item - gain (loss) on sale of assets	-	19,743	(17,350)	4,720	7,113
Change in Net Position	<u>232,933</u>	<u>3,409,543</u>	<u>366,175</u>	<u>102,403</u>	<u>4,111,054</u>
Total Net Position - beginning	20,091,433	11,004,072	2,267,997	190,379	33,553,881
Total Net Position - ending	<u>\$ 20,324,366</u>	<u>\$ 14,413,615</u>	<u>\$ 2,634,172</u>	<u>\$ 292,782</u>	<u>\$ 37,664,935</u>

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

City of Lamar, Colorado
Statement of Cash Flows
Business-Type Activities
For the year ended December 31, 2021

	Business-type Activities-				Totals
	Enterprise Fund				
	<u>Utility</u>	<u>Water</u>	<u>Sanitation</u>	<u>Ambulance</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Charges for Services	\$ 14,736,284	\$ 2,854,896	\$ 1,591,815	\$ 215,172	\$ 19,398,167
Cash Received from Miscellaneous Operating Revenues	-	21,840	-	-	21,840
Cash Payments to Suppliers for Goods & Services	(11,436,211)	(690,170)	(354,664)	(53,277)	(12,534,322)
Cash Payments for Salaries & Benefits	(1,052,538)	(656,163)	(504,669)	(317,057)	(2,530,427)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,247,535</u>	<u>1,530,403</u>	<u>732,482</u>	<u>(155,162)</u>	<u>4,355,258</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Customer Deposits Increase (Decrease)	80,881	3,096	-	-	83,977
Increase (Decrease) in Due to other Funds	13,672	72,706	107,398	(57,005)	
Transfer In	-	-	-	26,846	26,846
Transfer Out	(1,922,785)	(402,951)	(310,646)	-	(2,636,382)
Miscellaneous Cash Receipts(Disbursements)	733,166	2,543,314	130,430	203,169	3,610,079
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,095,066)</u>	<u>2,216,165</u>	<u>(72,818)</u>	<u>173,010</u>	<u>1,084,520</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:					
Current Portion of Long Term Debt Paid	(374,817)	(702,964)	-	-	(1,077,781)
Interest Paid on Long-Term Debt & Customer Deposits	(26,937)	(121,169)	(4,622)	-	(152,728)
Purchase of Equipment	(798,399)	(2,564,550)	(14,894)	(308)	(3,378,151)
Cash Received from Sale of Assets	-	19,743	-	-	19,743
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,200,153)</u>	<u>(3,368,940)</u>	<u>(19,516)</u>	<u>(308)</u>	<u>(4,588,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received on Investments	20,846	2,729	1,611	42	25,228
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>20,846</u>	<u>2,729</u>	<u>1,611</u>	<u>42</u>	<u>25,228</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(26,838)	380,357	641,759	17,582	1,012,860
Cash & Cash Equivalents:					
Beginning of Year	10,637,840	1,169,879	1,555,796	55,545	13,419,060
End of Year	<u>\$ 10,611,002</u>	<u>\$ 1,550,236</u>	<u>\$ 2,197,555</u>	<u>\$ 73,127</u>	<u>\$ 14,431,920</u>

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

City of Lamar, Colorado
Statement of Cash Flows
Business-Type Activities
for the year ended December 31, 2021
(Continued)

	Business-type Activities- Enterprise Fund				
	<u>Utility</u>	<u>Water</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 1,428,643	\$ 1,367,877	\$ 566,752	\$ (132,374)	\$ 3,230,898
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:					
Depreciation & Amortization	1,058,450	431,151	96,415	85,183	1,671,199
Change in Assets and Liabilities:					
(Increase) Decrease in Receivables	22,613	(347,846)	(10,847)	(101,739)	(437,819)
(Increase) Decrease in Inventory	(48,750)	-	-	-	(48,750)
Increase (Decrease) in Accrued Liabilities	6,924	3,035	3,349	1,937	15,245
Increase (Decrease) in Accounts Payable	(220,345)	76,186	76,813	(8,169)	(75,515)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,247,535	\$ 1,530,403	\$ 732,482	\$ (155,162)	\$ 4,355,258
ANALYSIS OF CASH					
Cash & Cash Equivalents	10,611,002	1,550,236	2,197,555	73,127	14,431,920
Total	\$ 10,611,002	\$ 1,550,236	\$ 2,197,555	\$ 73,127	\$ 14,431,920

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

City of Lamar
Notes to Basic Financial Statements
December 31, 2021

Note 1 **Summary of Significant Accounting Policies**

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

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

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

Reporting Entity

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

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

The Lamar Building Finance Corporation was organized as a nonprofit corporation in 1992 for the purpose of financing the acquisition, construction and equipping of improvements, repairs, renovation, and enlargement to the Lamar Community Building. The Corporation is dependent on the City, the governing board was appointed by the City, the City significantly influences the operations of the corporation, and the Corporation is accountable to the City for financial matters. The corporation is accounted for as a blended component unit of the General Fund.

The City Council established the Lamar Redevelopment Authority (the Authority) by resolution on September 14, 2009 as a tax increment financing entity. As allowed by

statue, the City Council opted to appoint themselves as the governing board of the Authority. The Authority is dependent on property tax revenue, the City significantly influences the operation of the Authority, and the Authority is accountable to the City for financial matters. The Authority is accounted for as a special revenue fund.

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

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. The City did not have any fiduciary funds at December 31, 2020.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to

be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

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

The City also reports the following major proprietary funds:

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

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

Sanitation Fund – The Sanitation Fund accounts for all activities necessary for the provision of refuse collection and landfill maintenance.

Ambulance Fund – The Ambulance Fund accounts for all activities necessary for the provision of ambulance services.

Airport Fund – As of January 1, 2022, the Airport Fund accounts for all activities necessary for the provision of the airport.

Budgets and Budgetary Accounting

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

August 25 Assessors must submit abstracts of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation. Deadline for County Assessors to certify to all taxing

entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

- October 15 Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget received.
- December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local governments levying a property tax must adopt their budgets before certifying the levy to the County. Local governing body shall enact an ordinance or resolution making appropriations for the ensuing fiscal year.
- December 22 Statutory deadline for Board of County Commissioners to levy all taxes and certify the levies.

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

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

Supplemental budgets were adopted due to unanticipated revenues and expenditures.

Cash and Cash Equivalents

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

Reserved Cash and Restricted Cash

Resources set aside for the repayment of bonds and landfill closure and post-closure costs are restricted by applicable bond covenants or bond ordinance agreements. Restricted cash is included in cash and cash equivalents for financial reporting purposes.

Property Taxes

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

Receivables

The City is reporting receivables net of allowances in the General, Water & Wastewater, Light and Power, Sanitation, and Ambulance Funds. The City will review accounts receivable balances and write off accounts that are deemed uncollectible.

Inventory

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

Property, Plant and Equipment

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For land and land improvements, vehicles and heavy equipment all costs are capitalized. For buildings and building improvements, leasehold improvements, and infrastructure the cost is \$50,000 or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Compensated Absences

On January 1st of each calendar year, eligible employees shall be granted up to 21 days of paid annual leave to be used by December 31st of that calendar year. The number of days of vacation available to each employee in any calendar year shall be based on the employee’s years of service with the City and reference to the following schedule. An employee’s years of service for purposes of this section will be calculated as of December 31st of the current calendar year.

Years of Service as of December 31st of the current year	No. Days of Leave
Less than 2 years	10 Days
2 years – 10 years	15 Days
11 years – 15 years	18 Days
16 years and more	21 Days

Annual leave is granted, and is intended to be used, on a calendar year basis. Annual leave not used before December 31st, does not carry-over to the next year.

All regular employees are eligible for the annual leave benefit upon commencement of employment.

Regular part-time employees shall receive a pro-rated annual leave benefit of 50 percent of the full-time benefit.

New employees still serving the introductory period will not be eligible to use the annual leave benefit during the introductory period.

Part-time or temporary employees are not eligible for annual leave.

Effective December 31, 2018, the City will convert the existing vacation leave hours for each employee, that were earned under the provisions of the City's former Personnel Management Manual and which were eligible for "carryover" to the new calendar year, to "banked hours" under the new personnel policy. The banked hours balance carried over shall continue to be accounted for as a separate benefit in individual employee banked hours accounts. These banked hours are in addition to the current annual leave for each employee.

On January 1st of each year regular full-time and regular part-time employees shall be granted ten (10) days of sick leave which may be used during the current calendar year.

The sick leave benefit is granted and is intended to be used on an annual basis. Sick leave which is not used by December 31st of each calendar year does not carry-over from year-to-year.

Deferred Outflows/Inflows of Resources

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

Net Position/Fund Balance

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

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

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

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

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

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

Net Position/Fund Balance Flow Assumptions

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

Cash Reserves – Utility Fund

Lamar Utilities Board has a fiduciary responsibility to make sure the utility is financially healthy and sound to meet its obligation of providing safe and reliable electrical service to its customers. It is a prudent utility operation to maintain six months of cash reserves to cover its utility operations, liabilities and risks that include the following:

- 1960's Electromechanical feeder protection relays and switchgear upgrade;
- Wind turbine gearbox replacement in case of failure;
- Decommissioning of three (3) wind turbines that are approaching end of life;
- Decommissioning of seventy-nine (79) miles of natural gas pipeline that is used to supply natural gas to a retired power plant;
- Five (5) major feeders that run underground from the old power plant to Beech Street tower The construction of a proposed Willow Valley substation;
- Legal and litigation fees;
- Storm related damage to our distribution system as our insurance will only cover up to \$500k.

The cash reserve that the Lamar Utilities Board maintains will help cover some of these costs.

Note 2

Cash and Investments

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

Petty Cash	\$	4,350
Cash Accounts		23,308,796
Total Cash and Investments	\$	<u>23,313,146</u>

Deposits

Custodial Credit Risk – Deposits

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

At December 31, 2021, all of the City's deposits as shown above were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Investments

Credit Risk

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

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

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

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

Interest Rate Risk

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

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk – Investments

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

Note 3 Capital Assets

The following schedule presents changes in governmental activities capital assets during 2021:

	Governmental Activities			Balance 12/31/2021
	Balance 12/31/2020	Increases	Decreases	
Capital asset not being depreciated:				
Land	\$ 581,457	\$ -	\$ -	\$ 581,457
Construction in progress	1,313,380	3,522,620	-	4,836,000
Total capital assets not being depreciated	1,894,837	3,522,620	-	5,417,457
Capital asset being depreciated:				
Equipment	2,218,150	2,407,734	(496,231)	4,129,653
Vehicles	4,556,849	-	-	4,556,849
Buildings	5,371,419	-	-	5,371,419
Infrastructure	18,303,660	-	-	18,303,660
Total capital assets being depreciated	30,450,078	2,407,734	(496,231)	32,361,581
Accumulated Depreciation	(17,182,942)	(470,248)	1	(17,653,189)
Total capital assets being depreciated, net	13,267,136	1,937,486	(496,230)	14,708,392
Governmental activity capital assets, net	<u>\$ 15,161,973</u>	<u>\$ 5,460,106</u>	<u>\$ (496,230)</u>	<u>\$ 20,125,849</u>

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

Governmental Activities	
General government	\$ 153,208
Public safety	111,083
Public works	26,246
Library	42,408
Culture and recreation	82,818
Infrastructure	54,485
Total depreciation expense	
Governmental Activities	<u>\$ 470,248</u>

The following schedule presents business-type activities capital assets at December 31, 2021:

	Business-Type Activities			Balance 12/31/2021
	Balance 12/31/2020	Increases	Decreases	
Capital asset not being depreciated:				
Land	\$ 789,662	\$ -	\$ -	\$ 789,662
Intangibles and water rights	1,591,216	-	-	1,591,216
Construction in progress	2,724,555	3,642,520	-	6,367,075
Total capital assets not being depreciated	5,105,433	3,642,520	-	8,747,953
Capital asset being depreciated:				
Equipment	17,767,626	840,752	(712,254)	17,896,124
Buildings and improvements	8,556,861	-	-	8,556,861
Distribution systems	33,184,847	-	-	33,184,847
Total capital assets being depreciated	59,509,334	840,752	(712,254)	59,637,832
Accumulated Depreciation	(34,444,158)	(1,671,199)	712,254	(35,403,103)
Total capital assets being depreciated, net	25,065,176	(830,447)	-	24,234,729
Governmental activity capital assets, net	\$ 30,170,609	\$ 2,812,073	\$ -	\$ 32,982,682

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

Business-Type Activities	
Light & Power	\$ 1,058,450
Water	431,151
Sanitation	96,415
Ambulance	85,183
Total depreciation expense	
Business-Type Activities	\$ 1,671,199

Note 4 Long-Term Obligations

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

	Balance 12/31/20	Advances	Repayments	Balance 12/31/21	Current Portion
Honeywell Lease	\$ 410,021	\$ -	\$ (161,202)	\$ 248,819	\$ 164,929
Equipment Capital Leases	669,945	698,534	(221,485)	1,146,994	205,666
Accrued Compensated Absences	458,353	-	-	458,353	91,671
Total Governmental Activities	\$1,538,319	\$ -	\$ (382,687)	\$1,854,166	\$ 462,266

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

	Balance 12/31/20	Advances	Repayments	Balance 12/31/21	Current Portion
CWRPDA Note Payable	\$ 3,790,154	\$ -	\$ (525,417)	\$ 3,264,737	\$ 356,280
2015 CWCB Note Payable	524,174	-	(16,711)	507,463	17,087
2017 CWCB Note Payable	75,585	-	(7,765)	67,820	7,916
2016 DWRP Note Payable	172,691	-	(6,516)	166,175	6,516
2021 DWRP Note Payable	-	1,089,200	-	1,089,200	19,920
Honeywell Acquisition Lease	1,807,250	-	(263,533)	1,543,717	263,398
2020 Frontier Bank	362,161	-	(53,507)	308,654	57,445
Total Water & Sewer Fund	6,732,015	1,089,200	(873,449)	6,947,766	728,562
2013 Revenue Bonds - L&P	1,115,976	-	(362,666)	753,310	376,823
PERA Net Pension Liability	1,398,258	-	-	1,398,258	-
Net OPEB Liability	42,493	-	-	42,493	-
Total Utility Fund	2,556,727	-	(362,666)	2,194,061	376,823
Community State Bank	168,055	-	(54,505)	113,550	56,005
Landfill Post closure Liability	323,913	37,619	-	361,532	-
Total Sanitation Fund	491,968	37,619	(54,505)	475,082	56,005
Accrued Compensated Absences – All Enterprise Funds	366,682	-	-	366,682	-
Total Business-type Activities	\$ 10,147,392	\$ 1,126,819	\$(1,290,620)	\$ 9,983,591	\$ 1,161,390

Business-Type Activities

Colorado Water Resources and Power Development Authority Loans

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

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

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

A summary of payments follows for the CWRPDA Loans:

CWRPDA Loans			
Fiscal Year	Principal	Interest	Total
2022	\$ 356,280	\$ 339,494	\$ 695,774
2023	359,755	375,419	735,174
2024	363,046	356,531	719,577
2025	366,761	356,816	723,577
2026	384,217	357,240	741,457
2027-2031	1,383,115	88,360	1,471,475
2032-2036	51,563	3,609	55,172
Total	\$ 3,264,737	\$ 1,877,469	\$ 5,142,206

Colorado Water Conservation Board Loans

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

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

CWCB Loans			
Fiscal Year	Principal	Interest	Total
2022	\$ 17,087	\$ 11,418	\$ 28,505
2023	17,471	11,034	28,505
2024	17,864	10,641	28,505
2025	18,266	10,239	28,505
2026	18,677	9,828	28,505
2027-2031	99,882	42,643	142,525
2032-2036	111,636	30,889	142,525
2037-2041	124,773	17,752	142,525
2042-2044	81,807	3,708	85,515
Total	\$ 507,463	\$ 148,152	\$ 655,615

During 2017, the City of Lamar Water and Sewer Fund borrowed \$195,500 from the Drinking Water Revolving Fund. The terms of repayment are annual payments of \$6,516 with no interest and the final payment due May 2047.

Drinking Water Revolving Fund			
Fiscal Year	Principal	Interest	Total
2022	\$ 6,516	\$ -	\$ 6,516
2023	6,516	-	6,516
2024	6,516	-	6,516
2025	6,516	-	6,516
2026	6,516	-	6,516
2027-2031	32,580	-	32,580
2032-2036	32,580	-	32,580
2037-2041	32,580	-	32,580
2042-2046	32,580	-	32,580
2047	3,258	-	3,258
Total	\$ 166,158	\$ -	\$ 166,158

On June 17, 2016, the City received loan funds totaling \$101,000 from the Colorado Water Conservation Board (CWCB) for upgrades to the water transmission lines. The loan bears interest at 1.95 percent and matures ten years from substantial project completion. Principal and interest will be due annually. Principal and interest is payable on the outstanding loans as follows:

Fiscal Year	CWCB Loans		
	Principal	Interest	Total
2022	\$ 7,916	\$ 1,322	\$ 9,238
2023	8,071	1,167	9,238
2024	8,228	1,100	9,328
2025	8,388	850	9,238
2026	8,551	687	9,238
2027-2029	26,666	1,048	27,714
Total	\$ 67,820	\$ 6,174	\$ 73,994

On March 3, 2020, the City purchased a truck for the Water Fund at a cost of \$430,000. The purchase was financed with seven annual payments of \$67,839, principal and interest, with an interest rate of 3.39 percent. Principal and interest is payable on the loan as follows:

Fiscal Year	Frontier Bank Loan		
	Principal	Interest	Total
2022	\$ 57,445	\$ 10,394	\$ 67,839
2023	59,393	8,446	67,839
2024	61,406	6,433	67,839
2025	63,488	4,351	67,839
2026	66,922	142	67,064
Total	\$ 308,654	\$ 29,766	\$ 338,420

During 2021, the City of Lamar Water and Sewer Fund borrowed \$1,089,200 from the Drinking Water Revolving Fund. The repayments terms call for annual payments of \$39,655, principal and interest, after the 2022 payment of \$23,089, principal and interest. Interest is at 0.50 percent. The final payment is due November 2051.

Fiscal Year	Drinking Water Revolving Fund		
	Principal	Interest	Total
2022	\$ 19,920	\$ 3,169	\$ 23,089
2023	34,351	5,304	39,655
2024	34,524	5,131	39,655
2025	34,697	4,958	39,655
2026	34,870	4,785	39,655
2027-2031	176,987	21,288	198,275
2032-2036	181,463	16,812	198,275
2037-2041	186,050	12,225	198,275
2042-2046	190,755	7,520	198,275
2047-2051	195,583	2,692	198,275
Total	\$ 1,089,200	\$ 83,884	\$ 1,173,084

Electric Revenue Bonds

In 2013, the City fully refunded 2004 Electric Enterprise Revenue Bonds by issuing Revenue Bonds in the amount of \$3,490,000. The 2013 bonds bear interest at 2.55 percent. Interest is payable semi-annually on January 1st and July 1st of each year.

Fiscal Year	Electric Refunding Bonds		
	Principal	Interest	Total
2022	\$ 376,823	\$ 4,909	\$ 381,732
2023	381,396	4,971	386,367
Total	\$ 758,219	\$ 9,880	\$ 768,099

During 2019, the City of Lamar Sanitation Fund borrowed \$221,102 for equipment. The terms of repayment are four annual payments of \$59,127, principal and interest with interest at the rate of 2.75 percent.

Fiscal Year	Principal	Interest	Total
2022	\$ 56,005	\$ 3,122	\$ 59,127
2023	57,544	1,582	59,127
Total	\$ 113,549	\$ 4,704	\$ 118,254

During 2019, the City of Lamar Ambulance Fund borrowed \$100,388 for the purchase of a 2019 Ford Ambulance. Repayments terms require four annual payments of \$26,845 including principal and interest with interest at 2.75 percent.

Fiscal Year	Principal	Interest	Total
2022	\$ 25,428	\$ 1,418	\$ 26,845
2023	26,127	718	26,845
Total	\$ 51,555	\$ 2,136	\$ 53,690

Honeywell Lease Payable – Governmental and Business-Type Activities

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

Fiscal Year	Honeywell Capital Lease					
	Business-Type Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 263,398	\$ 42,602	\$ 306,000	\$ 164,929	\$ 4,291	\$ 169,220
2023	277,134	34,866	312,000	83,890	722	84,612
2024	251,965	28,157	280,122	-	-	-
2025	226,796	21,204	248,000	-	-	-
2026	256,796	14,204	271,000	-	-	-
2027	267,628	14,206	281,834	-	-	-
Total	\$ 1,543,717	\$ 155,239	\$ 1,698,956	\$ 248,819	\$ 5,013	\$ 253,832

Governmental Activities

Governmental Activities

Capital Lease Payable

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

In 2016, the City entered into a lease purchase agreement for three 2016 Police pickup trucks. The lease requires annual base rentals of \$16,554 consisting of both principal and interest at 2.99 percent on May 27th of each year starting in 2017. Payments are made through the General Fund. Assets with a remaining basis of \$28,580 were capitalized as part of this lease.

In 2017, the City entered into a lease purchase agreement for two 2017 Dodge Ram pickup trucks. The lease requires annual base rentals of \$7,545 consisting of both principal and interest at 2.97 percent on June 15th of each year starting in 2017. Assets with a remaining basis of \$40,297 were capitalized as part of this lease.

In 2018, the City entered into a lease purchase agreement for a Pierce Freightliner Type-3 Fire Truck. The lease requires 10 annual base rentals of \$43,223 consisting of both principal and interest at 3.95 percent on October 1st of each year starting in 2018.

A summary of the capital lease payments follows:

Fiscal Year	Fire Dodge Pickups	Aerial Fire Truck Payment	Fire Truck Payment	Police Pickups Payment	Totals
2022	\$ 7,545	\$ 74,728	\$ 43,223	\$ 16,554	\$ 142,050
2023	-	74,728	43,223	-	117,951
2024	-	74,728	43,223	-	117,951
2025	-	74,534	43,223	-	117,757
2026	-	-	43,223	-	43,223
2027	-	-	43,223	-	43,223
Total Future Payments	7,545	298,718	259,338	16,554	582,155
Less: Interest Portion	(218)	(24,352)	(32,807)	(569)	(57,946)
Present Value of Payments	\$ 7,327	\$ 274,366	\$ 226,531	\$ 15,985	\$ 524,209

In 2020, the City entered into a finance agreement to buy three vehicles for use by the police department. The note calls for five payments of \$14,691 each, with the first payment due April 1, 2020 and four annual payments of the \$14,691 each due April 1 with interest at 3.24 percent. Future payments are:

GN Bank N. A.			
Fiscal Year	Principal	Interest	Total
2022	\$ 13,351	\$ 1,340	\$ 14,691
2023	13,784	907	14,691
2024	14,230	461	14,691
Total	\$ 41,365	\$ 2,708	\$ 44,073

During 2021, the City entered into a lease purchase agreement for 2 Dodge Ram 1500 pickups for \$57,646. The note calls for five annual payments beginning July 2021 of \$12,188 principal and interest, each. The note is secured by the vehicles. Interest is at 2.89 percent. Future payments are:

Community State Bank			
Fiscal Year	Principal	Interest	Total
2022	\$ 10,888	\$ 1,300	\$ 12,188
2023	11,200	988	12,188
2024	11,520	668	12,188
2025	11,850	338	12,188
Total	\$ 45,458	\$ 3,294	\$ 48,752

During 2021, the City entered into a lease purchase agreement for surveying equipment for \$50,290. The note calls for five annual payments beginning July 2021 of \$12,188 principal and interest, each. The note is secured by the equipment. Interest is at 2.89 percent. Future payments are:

GN Bank N. A.			
Fiscal Year	Principal	Interest	Total
2022	\$ 9,474	\$ 1,185	\$ 10,659
2023	9,757	902	10,659
2024	10,049	610	10,659
2025	10,351	308	10,659
Total	\$ 39,631	\$ 3,005	\$ 42,636

During 2021, the City entered into a lease purchase agreement for a 2021 Pierce Fire Truck for \$590,598. The note calls for ten annual payments beginning September 2021 of \$65,945 principal and interest, each. The note is secured by the fire truck. Interest is at 2.99 percent. Future payments are:

Fiscal Year	GN Bank N. A.		
	Principal	Interest	Total
2022	\$ 52,619	\$ 13,326	\$ 65,945
2023	53,956	11,989	65,945
2024	55,326	10,619	65,945
2025	56,732	9,213	65,945
2026	58,173	7,772	65,945
2027	59,650	6,295	65,945
2028	61,165	4,780	65,945
2029	62,719	3,226	65,945
2030	64,312	1,638	65,950
Total	\$ 524,652	\$ 68,858	\$ 593,510

Accrued Compensated Absences – Governmental and Business-Type Activities

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

Note 5 Interfund Transactions

The City has recorded the following routine transfers:

	Transfers In	Transfers Out
General Fund	\$ 7,362,934	\$ 286,975
Ambulance Fund	26,845	-
Sanitation Fund	-	310,645
Water Fund	-	402,951
Utility Fund	-	1,922,785
Nonmajor Govt. Funds	26,130	5,075,359
Capital Improvements	348,806	-
Totals	\$ 7,998,715	\$ 7,998,715

Note 6 Employee Benefit Plans

Defined Benefit – PERA

In 1992, the City’s employees, except for Light and Power Fund employees, voted to terminate their participation in PERA. Their respective share of PERA was withdrawn and rolled over into a defined contribution plan. All of the City’s full-time Light and Power Fund employees participate in PERA.

Summary of Significant Accounting Policies

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

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability on the Plan Within the Next Thirty Years.*

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 were in effect at the end of 2020.

Plan Description

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 CCR 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.

The Trust Fund serves as a defined benefit retirement plan where retirees receive a monthly benefit for their lifetime, and generally, an annual increase each year, as eligible. Members of affiliated employers are eligible to receive a lifetime monthly retirement benefit when certain age and service credit requirements are met. These eligibilities vary by the membership date and consider credited service at key dates. The benefits are based upon a defined or fixed multiplier, age, years of credited service, and highest average salary (HAS). For most employees, HAS, as of December 31, 2020, is one-twelfth of the average of the highest annual salaries that are associated with three periods (five periods, under certain circumstances) of 12 consecutive months under PERA-covered employment. The basic retirement benefit equals $2.5 \text{ percent} \times \text{HAS} \times \text{Years of Service}$. If a member reaches early retirement eligibility and wishes to begin benefit payments prior to achieving the full retirement requirements, then the monthly amount is reduced to consider the early receipt of monthly payments. Alternatively, if greater, a lifetime benefit is available that is calculated by annuitizing the member's account. At benefit commencement, the member can choose from different payment options, some of which can continue after the retiree's death to a named beneficiary, and for which the benefit amount is appropriately adjusted.

In addition to retirement benefits, the Trust Fund provides refund opportunities with matching employer dollars, if eligible, when leaving covered employment, and disability retirement and survivor benefits for those meeting certain criteria.

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

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

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

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

Employer Contributions

Employers are required to contribute to the Trust Fund at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Employer contribution requirements, as a percentage of salary, are summarized on the table below:

January 1st - June 30th	2020
Employer Contribution Rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the Trust Fund	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total Employer Contribution rate to the Trust Fund	12.68%

July 1st - December 31st	2020
Employer Contribution Rate	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%)
Amount apportioned to the Trust Fund	9.48%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total Employer Contribution rate to the Trust Fund	13.18%

Note: Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-411(42)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the LUB is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$213,505 for the year ended December 31, 2020.

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

At December 31, 2020, the LUB reported a liability of \$1,218,864 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The LUB proportion of the net pension liability was based on the LUB contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the LUB proportion was 0.233890 percent, which is approximately the same proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the LUB recognized pension expense of \$230,345. At December 31, 2020, the LUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 111,942	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	630,710	1,736,203
Changes in proportion and differences between contributions recognized and proportionate share of contributions – Plan Basis	-	-
Contributions subsequent to the measurement date	233,630	-
Total	\$ 976,282	\$ 1,736,203

\$233,630 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.

Actuarial assumptions

The total pension 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 – 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)*	1.25%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the 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 actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period of 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, 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	.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20% - 11.30%
State Troopers ¹	3.20% - 12.40%
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 ²	Financed by the Annual Increase Reserve (AIR)

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Trust Fund, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA’s 2020 Annual Report for more information.

² 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.

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 percentages 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 following table:

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). 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 3.00 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 FNP, 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 FNP 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, the Trust Fund’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of City proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net pension liability	\$ 2,807,777	\$ 1,218,864	\$ (107,671)

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.

Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA’s investment portfolio, as well the short-medium term impact on the Trust Fund’s membership and demographics, remains uncertain.

Defined Contribution Plans – Money Purchase Pension Plan

The City reinstated and administered a money purchase pension plan, effective June 1, 2010. All City employees except Light and Power employees, policemen, and volunteer firemen are covered under this defined contribution plan if they meet eligibility requirements specified in the plan document. Participants are required to contribute 8 percent of their eligible wages and can voluntarily contribute an additional 6 percent of compensation through the City's 457 voluntary contribution plan. The City is required to contribute 9 percent of allowable compensation for retirement benefits plus an additional 0.9 percent of allowable compensation for other fringe benefits.

The policemen have each established money purchase defined contribution pension plans (FPMP for new hires). FPMP may be amended by action of the Retirement Board with the approval of at least 65 percent of actively employed eligible employees and former employees entitled to FPMP benefits. The plans are maintained through Fidelity Advisor Funds and American Century Funds. The participants are required to contribute 8 percent of their eligible salaries, and the City contributes 9 percent. For 2021, the City contributed \$71,525 and participants contributed \$62,085.

Deferred Compensation Plan – 457 Plan

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

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

Volunteer Firefighters' Pension Plan

Plan Description

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

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

All City volunteer firefighters participate in this non-contributing local defined benefit pension plan administered by FPPA. For the year ended December 31, 2019, the City acted as the trustee for the plan and has authority to amend benefit provisions.

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

Description of Benefits

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

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

Contributions

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

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

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

with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

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

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

Net Pension Liability/(Asset)	
Total Pension Liability	\$ 337,828
Plan Fiduciary Net Position	1,286,137
Net Pension Liability/(Asset)	<u>\$ (948,309)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	380.71%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A
Development of the Single Discount Rate	
Single Discount Rate	7.00%
Long-Term Expected Rate of Investment Return	7.00%
Long-Term Municipal Bond Rate	2.00%
Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120
Total Pension Expense/(Income)	\$ (61,533)

For the year ended December 31, 2020, the City recognized pension income of \$44,752.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 35,864	\$ 62,401
Changes in assumptions	12,046	-
Net difference between projected and actual earnings on pension plan investments	29,840	113,623
Total	<u><u>\$ 77,750</u></u>	<u><u>\$ 176,024</u></u>

Actuarial Assumptions

The January 1, 2019 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal years ending December 31, 2020 and 2021.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2020:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open *
Remaining Amortization Period	20 Years *
Asset Valuation Method	5 – Year smoothed fair value
Inflation	2.50%
Salary Increase	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year eligibility until 100% at age 65
Mortality	<p>Pre-retirement: 2206 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p>Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

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

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

arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	2.00%	2.32%
Fixed Income – Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
Total	100.00%	

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate for the Measurement Period Ended December 31, 2020

The following presents the City's net position calculated using the discount rate of 7.00 percent, as well as what the City's net position 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% Decrease (6.0%)	Current Single Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate Share of the Net Pension Asset	\$ (899,299)	\$ (948,309)	\$ (987,781)

Pension Plan Fiduciary Net Position

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

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

A. Total Pension Liability	
1. Service Cost	\$ 5,734
2. Interest on the Total Pension Liability	24,494
3. Benefit Changes	-
4. Difference Between Expected and Actual Experience on the Total Pension Liability	(34,160)
5. Changes of Assumptions	-
6. Benefit Payments	(10,500)
7. Net Changes in Total Pension Liability	(14,432)
8. Total Pension Liability - Beginning	352,260
9. Total Pension Liability - Ending	<u>\$ 337,828</u>
B. Plan Fiduciary Net Position	
1. Contributions - Employer	\$ 6,592
2. Net Investment Income	150,976
3. Benefit Payments	(10,500)
4. Pension Plan Administrative Expense	(5,026)
5. State of Colorado Supplemental Discretionary Payment	-
6. Net Change in Plan Fiduciary Net Position	142,042
7. Plan Fiduciary Net Position - Beginning	1,144,095
8. Plan Fiduciary Net Position - Ending	<u>\$ 1,286,137</u>
C. Net Pension Liability/(Asset) – (Item A.9 – Item B.8)	<u>\$ (948,309)</u>
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability – (Item B.8 / Item A.9)	380.71%
E. Covered Employee Payroll	N/A
F. Net Pension Liability/(Asset) as a percentage of Covered Payroll	N/A

Membership

As of the January 1, 2021 measurement date, pension plan membership consisted of the following:

Retirees and Beneficiaries	5
Inactive, Nonretired Members	1
Active Members	32
Total	<u>38</u>
Covered Payroll	N/A

Old Hire Firefighters' Pension Plan

Plan Description

The Old Hire Plan is an agent multiple-employer defined benefit pension plan established by resolution of the City. All assets are held and invested by FPPA. Firemen hired prior to April 8, 1978 who elected not to change to the New Hire Statewide Defined Benefit Plan are covered by this plan. Any changes to this plan are referred to the membership by the Pension Trustee Board and voted upon. The Plan is closed and has no current employees. All assets of the Plan were transferred to the General Fund in 2021.

Note 7 **Post Employment Healthcare Benefits**

Health Care Trust Fund

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the

member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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 (actual dollars) 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 (actual dollars) 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.

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 Trust Fund 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 percent of PERA includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the LUB is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from LUB were \$16,839 for the plan year ended December 31, 2020.

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

At December 31, 2021, the LUB reported a liability of \$169,642 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 LUB's proportion of the net OPEB liability was based on LUB's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the LUB's proportion was 0.01785 percent, which was approximately the same as its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the LUB recognized OPEB expense of \$4,045. At December 31, 2020, the LUB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 450	\$ 37,295
Changes of assumptions/other inputs	1,268	10,402
Net difference between projected and actual earnings on pension plan investments	-	6,932
Changes in proportion and differences between contributions recognized and proportionate share of contributions – Plan Basis	-	-
Contributions subsequent to the measurement date	16,839	-
Total	\$ 18,557	\$ 54,629

\$16,839 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022.

Actuarial assumptions

The total OPEB liability in the December 31, 2018 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% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates PERA Benefit Structure:	
Service-based Premium Subsidy	0.00%
 PERACare Medicare Plans	 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 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

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

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits (actual dollars), age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$ 562
Kaiser Permanente Medicare Advantage HMO	571

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 PERA Care 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 State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied, as applicable, in the December 31, 2019 valuation for the Trust Fund. Affiliated employers of these Division Trust Funds in the Trust Fund.

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 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.

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 Boards 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 rate of return assumption of 7.25 percent.

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial 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%
Net OPEB asset (liability)	\$ 165,257	\$ 169,642	\$ 174,746

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.
- 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were established 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, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change from the prior measurement date.

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

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

	<u>1% Decrease 6.25%</u>	<u>Current Discount 7.25%</u>	<u>1% Increase 8.25%</u>
Proportionate Share of the Net OPEB Asset (Liability)	\$ 194,328	\$ 169,642	\$ 148,550

Subsequent Event

Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact of PERA's investment portfolio, as well as the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

OPEB plan fiduciary net position

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

Note 8**Risk Management**

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

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

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

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

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

Note 9**Related Parties**

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

Over succeeding years, the Parties to the agreement(s) have changed. Some original member municipalities have left ARPA and the terms of the Power Purchase Agreement(s) between the member municipalities have also changed to accommodate changes in the regulatory environment, economic conditions, and the condition of the electric generating assets of the member municipalities, to the point where all of the

member municipalities now purchase all of their electric energy from ARPA, including the City's electric Light and Power enterprise, LUB.

During 2021, purchases of power by the City from ARPA were \$8,921,397.

Note 10 Landfill Closure and Post Closure Liability

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

The estimated cost to perform all closure and post closure care was \$933,833, based on a cost estimate completed in April 2019 and subsequently modified by the Colorado Department of Public Health and Environment. The costs were comprised of \$572,705 of closure costs and \$361,177 of post-closure costs. The City currently filled an estimated 491,900 cubic meters on overall capacity of 1,314,539 cubic meters, for an estimated used amount of slightly more than 37 percent. Based on this usage, the City has recorded an inflation adjusted long-term liability of \$323,913, with current expense increase of \$1,282. This increase in the liability is primarily related to Colorado Department of Public Health and Environment modifications to closure and post-closure costs from update procedures after the April 2019 measurement and the annual inflation factor of 1.019 percent. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care or to exhibit financial assurance that it is able to finance these costs without the contributions to a trust. The City has demonstrated financial assurance and has restricted \$323,913 of its available cash balance to meet this liability and as a result has not made any contributions to a trust.

Note 11 Commitments and Contingencies

TABOR Amendment

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

The City has established an emergency reserve, representing 3 percent of qualifying expenditures, as required by the Amendment. At December 31, 2021, the emergency reserve of \$246,719 was recorded in the General Fund.

Note 12**Net Position Deficit**

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

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules)

City of Lamar
 Schedule of the City's Proportionate Share of the Net Pension Asset (Liability)
 PERA Pension Plan
 Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013		
City's proportion of the net pension asset (liability)	0.2338966%	0.2457920%	0.24254690%	0.237995%	0.261972%	0.226729%	0.342544%	0.369087%		
	\$ (1,218,864)	\$ (1,797,686)	\$ (3,049,331)	\$ (2,649,906)	\$ (3,537,518)	\$ (2,938,240)	\$ (3,070,251)	\$ (3,037,293)		
City's proportionate share of the net pension asset (liability)	\$ 1,650,932	\$ 1,692,641	\$ 1,590,848	\$ 1,501,372	\$ 1,587,879	\$ 1,514,816	\$ 1,876,987	\$ 1,969,113		
City's covered payroll	(73.83%)	(106.21%)	(191.68%)	(176.50%)	(222.78%)	(193.97%)	(163.57%)	(154.25%)		
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	90.88%	86.26%	75.95%	79.37%	73.65%	76.87%	80.72%	81.00%		
Plan fiduciary net position as a percentage of the total pension liability										

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

City of Lamar
Schedule of City Contributions
PERA Pension Plan
Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013		
Contractually required contributions	\$ 213,505	\$ 214,627	\$ 233,630	\$ 190,374	\$ 201,343	\$ 192,079	\$ 238,002	\$ 249,683		
Actual Contributions	(213,505)	(214,627)	(233,630)	(190,374)	(201,343)	(192,079)	(238,002)	(249,683)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
City's covered payroll	\$ 1,650,932	\$ 1,692,640	\$ 1,590,848	\$ 1,501,372	\$ 1,587,879	\$ 1,514,816	\$ 1,876,987	\$ 1,969,113		
Contributions as a percentage of covered payroll	12.93%	12.68%	14.69%	12.68%	12.68%	12.68%	12.68%	12.68%		

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

City of Lamar
Schedule of Changes in the City's Net Pension (Asset) Liability
FPPA Lamar Volunteer Fire Department Pension Fund
Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>Total Pension Liability</u>										
Service Cost	\$ 5,734	\$ 5,734	\$ 6,592	\$ 6,592	\$ 5,643	\$ 5,643	\$ 7,265	\$ 7,265	\$ 7,265	\$ 7,265
Interest	24,494	23,232	26,248	24,794	15,999	15,999	13,208	13,208	13,208	13,208
Differences between expected and actual experience	(34,160)	-	(54,349)	-	99,193	-	15,819	15,819	15,819	15,819
Changes of assumptions	-	-	15,530	-	7,613	-	-	-	-	-
Benefits payments	(10,500)	(11,350)	(12,000)	(12,000)	(11,315)	(9,000)	(8,984)	(8,984)	(8,984)	(8,984)
Net changes in total pension liability	(14,432)	17,616	(17,979)	19,386	117,133	11,839	27,308	27,308	27,308	27,308
Total Pension Liability - Beginning	352,260	334,644	352,623	333,237	216,104	204,265	176,957	176,957	176,957	176,957
Total Pension Liability - Ending (a)	337,828	352,260	334,644	352,623	333,237	216,104	204,265	204,265	204,265	204,265
<u>Plan Fiduciary Net Position</u>										
Contributions - Employer	\$ 6,592	\$ 6,592	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200
Net investment income	150,976	143,430	(22)	127,194	44,326	14,222	47,876	47,876	47,876	47,876
Benefit payments, including refunds of employee contributions	(10,500)	(11,350)	(12,000)	(12,000)	(11,315)	(9,000)	(8,984)	(8,984)	(8,984)	(8,984)
Administrative expense	(5,026)	(10,501)	(10,110)	(9,182)	(1,578)	(2,364)	(1,498)	(1,498)	(1,498)	(1,498)
State of Colorado discretionary payment	-	25,560	-	12,780	12,780	12,780	25,560	25,560	25,560	25,560
Net change in plan fiduciary net position	142,042	153,731	(7,932)	132,992	58,413	29,838	77,154	77,154	77,154	77,154
Plan Fiduciary Net Position - Beginning	1,144,095	990,364	998,296	865,304	806,891	777,053	699,899	699,899	699,899	699,899
Plan Fiduciary Net Position - Ending (b)	\$ 1,286,137	\$ 1,144,095	\$ 990,364	\$ 998,296	\$ 865,304	\$ 806,891	\$ 777,053	\$ 777,053	\$ 777,053	\$ 777,053
City's Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (948,309)	\$ (791,835)	\$ (655,720)	\$ (645,673)	\$ (532,067)	\$ (590,787)	\$ (572,788)	\$ (572,788)	\$ (572,788)	\$ (572,788)

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

City of Lamar
Schedule of the City's Proportionate Share of the Net Pension Asset (Liability)
FPPA Lamar Volunteer Fire Department Pension Fund
 Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013		
City's proportion of the net pension asset (liability)	100%	100%	100%	100%	100%	100%	100%	100%		100%
City's proportionate share of the net pension asset (liability)	\$ 948,309	\$ 791,835	\$ 655,720	\$ 645,673	\$ 532,067	\$ 590,787	\$ 572,788	\$ 522,942		
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A
Plan fiduciary net position as a percentage of the total pension liability	380.71%	325.79%	295.95%	283.11%	259.67%	373.38%	380.41%	395.52%		

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

City of Lamar
Schedule of City Contributions
FPPA Lamar Volunteer Fire Department Pension Fund
Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014			
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual Contributions	6,592	32,152	14,200	26,980	26,980	26,980	39,760			
Contribution deficiency (excess)	<u>\$ (6,592)</u>	<u>\$ (32,152)</u>	<u>\$ (14,200)</u>	<u>\$ (26,980)</u>	<u>\$ (26,980)</u>	<u>\$ (26,980)</u>	<u>\$ (39,760)</u>			
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

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

City of Lamar
Schedule of the City's Proportionate Share of the OPEB Asset (Liability)
PERA Health Care Trust Fund
Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,				
	2020	2019	2018	2017	2016
City's proportion of the net pension asset (liability)	0.017853%	0.018824%	0.018809%	0.018493%	0.020110%
City's proportionate share of the net pension asset (liability)	\$ (169,642)	\$ (211,589)	\$ (225,911)	\$ (240,339)	\$ (260,732)
City's covered payroll	\$ 1,650,932	\$ 1,692,640	\$ 1,590,848	\$ 1,501,373	\$ 276,273
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	(10.28%)	(12.50%)	(14.20%)	(16.01%)	(94.37%)
Plan fiduciary net position as a percentage of the total pension liability	32.78%	24.49%	17.03%	17.53%	16.70%

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

City of Lamar
Schedule of City Contributions OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years ⁽¹⁾

	For the Years Ended December 31,				
	2020	2019	2018	2017	2016
Contractually required contributions	\$ 16,839	\$ 17,265	\$ 16,227	\$ 15,314	\$ 2,818
Actual Contributions	<u>(16,839)</u>	<u>(17,265)</u>	<u>(16,227)</u>	<u>(15,314)</u>	<u>(2,818)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,650,932	\$ 1,692,640	\$ 1,590,848	\$ 1,501,373	\$ 276,273
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Lamar, Colorado
Budget and Actual
General
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 480,535	\$ 480,535	\$ 457,986
SO Taxes	71,000	71,000	74,657
Fees and fines	52,000	52,000	42,213
Licenses and permits	175,500	175,500	160,770
Intergovernmental	898,070	898,070	888,997
Charges for services	1,096,824	1,096,824	1,045,505
Gifts and grants	1,500	1,500	109
Investment earnings	17,980	17,980	14,683
Sale of equipment	90,000	90,000	89,760
Miscellaneous	1,776,489	1,776,489	1,288,733
Total revenues	<u>4,659,898</u>	<u>4,659,898</u>	<u>4,063,413</u>
EXPENDITURES			
Current:			
General government	1,961,245	5,118,258	2,977,512
Public Safety	2,215,277	2,215,277	2,128,667
Highways and roads	1,426,928	1,426,928	1,339,058
Cemetery	2,201,201	2,201,201	2,087,286
Debt Service:			
Principal	391,401	391,401	392,569
Capital Outlay	469,628	469,628	1,884,400
Total Expenditures	<u>8,665,680</u>	<u>11,822,693</u>	<u>10,809,492</u>
Excess (deficiency) of revenues over expenditures	<u>(4,005,782)</u>	<u>(7,162,795)</u>	<u>(6,746,079)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from other financing sources	79,893	79,893	777,787
Transfers in	4,220,543	7,367,582	7,362,935
Transfers out	(221,846)	(221,846)	(286,976)
Total other financing sources and uses	<u>4,078,590</u>	<u>7,225,629</u>	<u>7,853,746</u>
Net change in fund balances	72,808	62,834	1,107,667
Fund balances - beginning	6,498,108	6,498,108	6,373,621
Fund balances - ending	<u>\$ 6,570,916</u>	<u>\$ 6,560,942</u>	<u>\$ 7,481,288</u>

OTHER SUPPLEMENTARY INFORMATION

City of Lamar, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2021

	Conservation Trust	Lamar Redevelopment Authority	Victims Assistance	E-911	Fairmount Investment Trust	Library	Sales Tax	Total Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 47,929	\$ 579,378	\$ 70,434	\$ 69,694	\$ 300,060	\$ 74,387	\$ 1,683	\$ 1,143,565
Due from other funds	-	-	17	-	89	-	(47)	59
Receivable from other governments	-	-	-	76,388	-	-	-	76,388
Other receivables	-	-	23	-	336	-	586,940	587,299
Total assets	47,929	579,378	70,474	146,082	300,485	74,387	588,576	1,807,311

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	-	9,432	-	3,948	-	556	-	13,936
Due to other funds	-	-	-	25,457	-	-	-	25,457
Other accrued expenses	-	-	-	9,926	-	-	-	9,926
Total liabilities	-	9,432	-	39,331	-	556	-	49,319

Fund balances:								
Committed	346,150	419,576	58,812	97,476	298,124	65,897	612,968	1,899,003
Restricted	63,545	132,629	-	32,746	(15,829)	(42)	213,061	426,110
Unreserved	(361,766)	17,741	11,662	(23,471)	18,190	7,976	(237,453)	(567,121)
Total fund balances	47,929	569,946	70,474	106,751	300,485	73,831	588,576	1,757,992
Total liabilities and fund balances	\$ 47,929	\$ 579,378	\$ 70,474	\$ 146,082	\$ 300,485	\$ 74,387	\$ 588,576	\$ 1,807,311

City of Lamar, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2021

	Conservation Trust	Lamar Redevelopment Authority	Victims Assistance	E-911	Fairmount Investment Trust	Library	Sales Tax	Total Special Revenue Funds
REVENUES								
Property taxes	\$ -	\$ 168,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,298
Sales taxes	-	-	-	-	-	-	4,815,272	4,815,272
Fees and fines	-	-	-	-	-	-	7,935	7,935
Licenses and permits	-	-	-	-	-	-	16,702	16,702
Intergovernmental	91,200	-	-	152,776	-	15,489	-	259,465
Charges for services	-	-	10,468	154,059	10,333	-	-	174,860
Investment earnings	158	1,263	56	-	742	36	56	2,311
Miscellaneous	-	4,476	352	4,832	-	10,864	318	20,842
Total revenues	91,358	174,037	10,876	311,667	11,075	26,389	4,840,283	5,465,685
EXPENDITURES								
Current:								
General government	-	23,667	-	-	-	-	138,836	162,503
Public Safety	-	-	3,656	520,208	-	-	-	523,864
Culture and recreation	40,773	-	-	-	-	18,454	-	59,227
Capital Outlay	-	-	-	19,104	8,000	-	-	27,104
Total Expenditures	40,773	23,667	3,656	539,312	8,000	18,454	138,836	772,698
Excess (deficiency) of revenues over expenditures	50,585	150,370	7,220	(227,645)	3,075	7,935	4,701,447	4,692,987
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	260,130	-	-	-	260,130
Transfers out	(348,806)	-	-	-	(714)	-	(4,725,839)	(5,075,359)
Total other financing sources and uses	(348,806)	-	-	260,130	(714)	-	(4,725,839)	(4,815,229)
Net change in fund balances	(298,221)	150,370	7,220	32,485	2,361	7,935	(24,392)	(122,242)
Fund balances - beginning	346,150	419,576	63,254	74,266	298,124	65,896	612,968	1,880,234
Fund balances - ending	\$ 47,929	\$ 569,946	\$ 70,474	\$ 106,751	\$ 300,485	\$ 73,831	\$ 588,576	\$ 1,757,992

CAPITAL PROJECTS FUND

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

City of Lamar, Colorado
Budget and Actual
Capital Projects
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 1,183,875	\$ 1,183,875	\$ 2,620,263
Charges for services	-	-	6,000
Investment earnings	-	-	941
Miscellaneous	156,500	156,500	97,728
Total revenues	<u>1,340,375</u>	<u>1,340,375</u>	<u>2,724,932</u>
EXPENDITURES			
Current:			
Public Safety	433,875	433,875	163,809
Culture and recreation	100,000	100,000	21,425
Capital Outlay	1,006,500	1,506,500	3,522,620
Total Expenditures	<u>1,540,375</u>	<u>2,040,375</u>	<u>3,707,854</u>
Excess (deficiency) of revenues over expenditures	<u>(200,000)</u>	<u>(700,000)</u>	<u>(982,922)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	348,806
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>348,806</u>
Net change in fund balances	(200,000)	(700,000)	(634,116)
Fund balances - beginning	703,339	703,339	723,242
Fund balances - ending	<u>\$ 503,339</u>	<u>\$ 3,339</u>	<u>\$ 89,126</u>

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Sales Tax Fund – This fund accounts for sales and use taxes collected. The taxes collected can be transferred to other entities within the City or can be used to benefit the City.

City of Lamar, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 75,000	\$ 75,000	\$ 91,200
Charges for services	-	-	-
Investment earnings	500	500	158
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>91,358</u>
EXPENDITURES			
Current:			
Culture and recreation	235,500	235,500	40,773
Total Expenditures	<u>235,500</u>	<u>235,500</u>	<u>40,773</u>
Excess (deficiency) of revenues over expenditures	<u>(160,000)</u>	<u>(160,000)</u>	<u>50,585</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(270,000)	(348,806)
Total other financing sources and uses	<u>-</u>	<u>(270,000)</u>	<u>(348,806)</u>
Net change in fund balances	(160,000)	(430,000)	(298,221)
Fund balances - beginning	292,705	292,705	346,150
Fund balances - ending	<u>\$ 132,705</u>	<u>\$ (137,295)</u>	<u>\$ 47,929</u>

**City of Lamar, Colorado
Budget and Actual
Lamar Redevelopment Authority
For the year ended December 31, 2021**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 180,000	\$ 180,000	\$ 168,298
Investment earnings	600	600	1,263
Miscellaneous	-	-	4,476
Total revenues	<u>180,600</u>	<u>180,600</u>	<u>174,037</u>
EXPENDITURES			
Current:			
General government	180,600	180,600	23,667
Total Expenditures	<u>180,600</u>	<u>180,600</u>	<u>23,667</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>150,370</u>
Net change in fund balances	-	-	150,370
Fund balances - beginning	360,390	360,390	419,576
Fund balances - ending	<u>\$ 360,390</u>	<u>\$ 360,390</u>	<u>\$ 569,946</u>

City of Lamar, Colorado
Budget and Actual
Victims Assistance
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	\$ 11,000	\$ 11,000	\$ 10,468
Investment earnings	200	200	56
Miscellaneous	-	-	352
Total revenues	<u>11,200</u>	<u>11,200</u>	<u>10,876</u>
EXPENDITURES			
Current:			
Public Safety	<u>15,400</u>	<u>15,400</u>	<u>3,656</u>
Total Expenditures	<u>15,400</u>	<u>15,400</u>	<u>3,656</u>
Excess (deficiency) of revenues over expenditures	<u>(4,200)</u>	<u>(4,200)</u>	<u>7,220</u>
Net change in fund balances	(4,200)	(4,200)	7,220
Fund balances - beginning	55,421	55,421	63,254
Fund balances - ending	<u>\$ 51,221</u>	<u>\$ 51,221</u>	<u>\$ 70,474</u>

City of Lamar, Colorado
Budget and Actual
E-911
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 352,776	\$ 352,776	\$ 152,776
Charges for services	-	-	154,059
Miscellaneous	-	-	4,832
Total revenues	<u>352,776</u>	<u>352,776</u>	<u>311,667</u>
EXPENDITURES			
Current:			
Public Safety	578,906	578,906	520,208
Capital Outlay	34,000	34,000	19,104
Total Expenditures	<u>612,906</u>	<u>612,906</u>	<u>539,312</u>
Excess (deficiency) of revenues over expenditures	<u>(260,130)</u>	<u>(260,130)</u>	<u>(227,645)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	260,130	260,130	260,130
Total other financing sources and uses	<u>260,130</u>	<u>260,130</u>	<u>260,130</u>
Net change in fund balances	-	-	32,485
Fund balances - beginning	102,761	102,761	74,266
Fund balances - ending	<u>\$ 102,761</u>	<u>\$ 102,761</u>	<u>\$ 106,751</u>

**City of Lamar, Colorado
Budget and Actual
Fairmount Investment Trust
For the year ended December 31, 2021**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	\$ 7,000	\$ 10,000	\$ 10,333
Investment earnings	1,500	1,500	742
Total revenues	<u>8,500</u>	<u>11,500</u>	<u>11,075</u>
EXPENDITURES			
Capital Outlay	40,000	40,000	8,000
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>8,000</u>
Excess (deficiency) of revenues over expenditures	<u>(31,500)</u>	<u>(28,500)</u>	<u>3,075</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,500)	(1,500)	(714)
Total other financing sources and uses	<u>(1,500)</u>	<u>(1,500)</u>	<u>(714)</u>
Net change in fund balances	(33,000)	(30,000)	2,361
Fund balances - beginning	267,053	267,053	298,124
Fund balances - ending	<u>\$ 234,053</u>	<u>\$ 237,053</u>	<u>\$ 300,485</u>

City of Lamar, Colorado
Budget and Actual
Library
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 20,000	\$ 20,000	\$ 15,489
Investment earnings	100	100	36
Miscellaneous	10,000	10,000	10,864
Total revenues	<u>30,100</u>	<u>30,100</u>	<u>26,389</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>30,100</u>	<u>30,100</u>	<u>18,454</u>
Total Expenditures	<u>30,100</u>	<u>30,100</u>	<u>18,454</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,935</u>
Net change in fund balances	-	-	7,935
Fund balances - beginning	<u>67,337</u>	<u>67,337</u>	<u>65,896</u>
Fund balances - ending	<u>\$ 67,337</u>	<u>\$ 67,337</u>	<u>\$ 73,831</u>

City of Lamar, Colorado
Budget and Actual
Sales Tax
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Sales and miscellaneous taxes	\$ 3,996,000	\$ 4,851,000	\$ 4,815,272
Fees and fines	5,000	5,000	7,935
Licenses and permits	16,000	16,000	16,702
Investment earnings	150	150	56
Miscellaneous	50	50	318
Total revenues	<u>4,017,200</u>	<u>4,872,200</u>	<u>4,840,283</u>
EXPENDITURES			
Current:			
General government	<u>112,500</u>	<u>112,500</u>	<u>138,836</u>
Total Expenditures	<u>112,500</u>	<u>112,500</u>	<u>138,836</u>
Excess (deficiency) of revenues over expenditures	<u>3,904,700</u>	<u>4,759,700</u>	<u>4,701,447</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,904,700)</u>	<u>(4,759,700)</u>	<u>(4,725,839)</u>
Total other financing sources and uses	<u>(3,904,700)</u>	<u>(4,759,700)</u>	<u>(4,725,839)</u>
Net change in fund balances	-	-	(24,392)
Fund balances - beginning	<u>30,303</u>	<u>30,303</u>	<u>612,968</u>
Fund balances - ending	<u>\$ 30,303</u>	<u>\$ 30,303</u>	<u>\$ 588,576</u>

ENTERPRISE FUNDS

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

The following are the Enterprise Funds of the City:

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

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

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

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

City of Lamar, Colorado
Budget and Actual
Utility Fund
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	\$ 17,143,820	\$ 17,143,820	\$ 14,713,671
Investment earnings	30,000	30,000	20,846
Miscellaneous	700,250	700,250	873,871
Total revenues	<u>17,874,070</u>	<u>17,874,070</u>	<u>15,608,388</u>
OPERATING EXPENSES			
Personal services	1,381,589	1,381,589	1,052,538
Purchased power	11,161,256	11,161,256	8,921,398
Repairs and maintenance	1,833,444	1,833,444	1,721,353
Other supplies and expenses	198,431	198,431	239,773
Insurance claims and expenses	305,000	305,000	291,516
Capital Outlay	801,000	801,000	789,399
Depreciation	925,000	925,000	1,058,450
Interest	30,203	30,203	26,937
Miscellaneous including debt service	307,500	307,500	515,521
Total Operating Expenses	<u>16,943,423</u>	<u>16,943,423</u>	<u>14,616,885</u>
Operating income (loss)	<u>930,647</u>	<u>930,647</u>	<u>991,503</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,780,285)	(1,780,285)	(1,922,785)
Total other financing sources and (uses)	<u>(1,780,285)</u>	<u>(1,780,285)</u>	<u>(1,922,785)</u>
Net change in fund balances	(849,638)	(849,638)	(931,282)
Fund balances - beginning	-	-	20,091,433
ADJUSTMENTS:			
Capital Outlay	801,000	801,000	789,399
Debt Service	307,500	307,500	374,816
Fund balances - ending	<u>\$ 258,862</u>	<u>\$ 258,862</u>	<u>\$ 20,324,366</u>

City of Lamar, Colorado
Budget and Actual
Water
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	\$ 3,145,000	\$ 3,145,000	\$ 3,202,742
Investment earnings	-	-	2,729
Operating grants and contributions	3,005,500	4,305,500	2,546,752
Miscellaneous	11,000	11,000	54,374
Total revenues	<u>6,161,500</u>	<u>7,461,500</u>	<u>5,806,597</u>
OPERATING EXPENSES			
Personal services	684,609	684,609	656,163
Contractual services	18,000	18,000	35,262
Purchased power	299,000	299,000	333,611
Utilities	5,000	5,000	6,426
Repairs and maintenance	60,000	612,500	40,970
Other supplies and expenses	299,300	1,002,800	271,068
Insurance claims and expenses	69,300	69,300	82,054
Capital Outlay	3,175,500	3,175,500	291,952
Depreciation	400,000	400,000	431,151
Interest	100,589	100,589	121,169
Miscellaneous including debt service	647,251	691,251	799,571
Total Operating Expenses	<u>5,758,549</u>	<u>7,058,549</u>	<u>3,069,397</u>
Operating income (loss)	<u>402,951</u>	<u>402,951</u>	<u>2,737,200</u>
OTHER FINANCING SOURCES (USES)			
Gain on Sale of Assets	-	-	19,743
Transfers out	(402,951)	(402,951)	(402,951)
Total other financing sources and uses	<u>(402,951)</u>	<u>(402,951)</u>	<u>(383,208)</u>
Net change in fund balances	-	-	2,353,992
Fund balances - beginning	<u>17,253,738</u>	<u>17,253,738</u>	<u>11,004,072</u>
ADJUSTMENTS:			
Capital Outlay	3,175,500	3,175,500	291,952
Debt Service	647,251	647,251	763,599
Fund balances - ending	<u>\$ 21,076,489</u>	<u>\$ 21,076,489</u>	<u>\$ 14,413,615</u>

City of Lamar, Colorado
Budget and Actual
Sanitation
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	\$ 1,379,000	\$ 1,679,000	\$ 1,602,662
Investment earnings	3,500	3,500	1,611
Miscellaneous	249,500	249,500	130,430
Total revenues	<u>1,632,000</u>	<u>1,932,000</u>	<u>1,734,703</u>
OPERATING EXPENSES			
Personal services	526,809	526,809	504,669
Utilities	10,700	10,700	8,530
Repairs and maintenance	222,000	222,000	209,845
Other supplies and expenses	209,047	536,047	190,054
Insurance claims and expenses	24,511	24,511	26,397
Capital outlay	200,000	200,000	14,849
Depreciation and amortization	105,000	105,000	96,415
Interest	6,080	6,080	4,622
Miscellaneous	-	-	-
Total Operating Expenses	<u>1,304,147</u>	<u>1,631,147</u>	<u>1,055,381</u>
Operating income (loss)	<u>327,853</u>	<u>300,853</u>	<u>679,322</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(310,646)	(310,646)	(310,646)
Total other financing sources and uses	<u>(310,646)</u>	<u>(310,646)</u>	<u>(310,646)</u>
SPECIAL ITEM			
Gain (loss) from sale capital assets	-	-	(17,350)
Net change in fund balances	17,207	(9,793)	351,326
Fund balances - beginning	2,487,777	2,487,777	2,267,997
ADJUSTMENTS:			
Capital Outlay	200,000	200,000	14,849
Fund balances - ending	<u>\$ 2,704,984</u>	<u>\$ 2,677,984</u>	<u>\$ 2,634,172</u>

City of Lamar, Colorado
Budget and Actual
Ambulance
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	\$ 371,045	\$ 471,045	\$ 316,911
Investment earnings	50	50	42
Operating grants and contributions	131,250	131,250	120,000
Miscellaneous	6,200	6,200	85,655
Total revenues	508,545	608,545	522,608
OPERATING EXPENSES			
Personal services	310,370	310,370	317,057
Utilities	60	60	723
Repairs and maintenance	8,000	8,000	7,831
Other supplies and expenses	129,946	229,946	13,802
Insurance claims and expenses	25,220	25,220	24,689
Capital Outlay	-	-	308
Depreciation	61,795	61,795	85,183
Miscellaneous	-	-	2,486
Total Operating Expenses	535,391	635,391	452,079
Operating income (loss)	(26,846)	(26,846)	70,529
OTHER FINANCING SOURCES (USES)			
Transfers in	26,846	26,846	26,846
Total other financing sources and uses	26,846	26,846	26,846
SPECIAL ITEM			
Gain (loss) from sale capital assets	-	-	4,720
Net change in fund balances	-	-	102,095
Fund balances - beginning	16,058	16,058	190,379
ADJUSTMENTS:			
Capital Outlay	-	-	308
Fund balances - ending	\$ 16,058	\$ 16,058	\$ 292,782

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Lamar			
		YEAR ENDING : December 2021			
This Information From The Records Of (example - City of _ or County of _)		Prepared By: Phone:	Kristin McCre 719-336-1373		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	662,997		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	480,687		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	7,067		
2. General fund appropriations		b. Snow and ice removal			
3. Other local imposts (from page 2)	1,374,781	c. Other	150,346		
4. Miscellaneous local receipts (from page 2)	16,059	d. Total (a. through c.)	157,413		
5. Transfers from toll facilities		4. General administration & miscellaneous	43,049		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	377,799		
a. Bonds - Original Issues		6. Total (1 through 5)	1,721,945		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	1,390,840	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	331,105	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	1,721,945	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	1,721,945		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,721,945	1,721,945		0
Notes and Comments:					

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	54,026	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	16,059
1. Sales Taxes	1,265,822	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	54,933	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,320,755	h. Other	
c. Total (a. + b.)	1,374,781	i. Total (a. through h.)	16,059
	(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	299,942	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	31,163	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	31,163	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	331,105	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		5,895	5,895
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		399,674	399,674
(4). System Enhancement & Operation		257,428	257,428
(5). Total Construction (1) + (2) + (3) + (4)	0	657,102	657,102
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	662,997	662,997
			(Carry forward to page 1)

Notes and Comments:

City of Lamar, Colorado
Schedule of Federal Awards Expended
for the year ended December 31, 2021

<u>GRANT TITLE</u>	<u>PASS-THRU AGENCY</u>	<u>FEDERAL ALN</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
DEPARTMENT OF TRANSPORTATION:				
Airport Improve Project	Federal Aviation Administration	20.106	<u>1,934,516</u>	1,934,516
DEPARTMENT OF TREASURY:				
ARP NEU Funding	Colo. Dept of Local Affairs	21.027	<u>69,814</u>	69,814
DEPARTMENT OF THE INTERIOR:				
Main Street Replacement	Colo. Dept of Local Affairs	15.227	<u>800,000</u>	800,000
ENVIRONMENTAL PROTECTION AGENCY:				
Brownfield Assessment Grant	US Environmental Protection Agency	66.818	141,257	
Main Street Replacement Project	Colo. Water Resources and Power Development Authority	66.468	<u>780,140</u>	921,397
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Medical Assistance Program	Colo. Dept of Human Services	93.778	<u>38,234</u>	38,234
TOTAL FEDERAL FINANCIAL AWARDS			<u><u>\$ 3,763,961</u></u>	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Lamar and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the federal requirements.

The City does not use the minimum indirect cost rate.

City of Lamar
Schedule of Findings and Questioned Costs
December 31, 2021

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified.

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> None Noted
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> None Noted

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> None Noted
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Noted
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> None Noted
Identification of major federal programs:		
Assistance Listing Number(s)	20.106	Name of Federal Program or Cluster Air Improvement Project, Transportation - FAA
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	<u>X</u> Yes	___ No

Section II: Financial Statement Findings

There were not any findings.

Section III: Federal Awards Findings

There were not any findings.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Independent Auditor's Report

Members of City Council
City of Lamar, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar (the "City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 11, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

rfarmer, llc

July 11, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

Members of City Council
City of Lamar, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lamar's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

rfarmer, llc

July 11, 2022