

**City of Leadville, Colorado
Financial Statements
December 31, 2021**



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Financial Statements
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**City of Leadville, Colorado
Financial Statements
December 31, 2021**

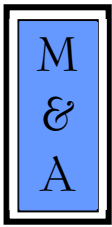
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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and City Council
City of Leadville, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Leadville, Colorado (the "City"), as of and for the year ended December 31, 2021, which collectively comprise the City's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Leadville, as of December 31, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Leadville 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

The City of Leadville's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

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INDEPENDENT AUDITORS REPORT
To the Mayor and City Council
City of Leadville, Colorado

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 U.S. 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 U.S. 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

U.S. GAAP require that the Management's Discussion and Analysis in Section B, the Schedule of City's Proportionate Share of the Net Pension Liability (Asset), the Schedule of City Contributions, and the Notes to the Required Supplementary Information in Section E 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 U.S. GAAS, 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.

INDEPENDENT AUDITORS REPORT
To the Mayor and City Council
City of Leadville, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The *Local Highway Finance Report* listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The *Local Highway Finance Report* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
August 16, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Leadville, Colorado

Management's Discussion and Analysis

December 31, 2021

As management of the City of Leadville, Colorado, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all City assets and deferred outflows of resource and liabilities (both short-term and long-term) and deferred inflows of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Statement of Activities focuses on long-term economic resources and is reported on a full accrual basis.

The Statement of Activities identifies functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, judicial (court), public works (streets and maintenance), and parks and recreation.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Leadville Urban Renewal Authority (the "LURA"). The LURA is reported as a blended component unit of the City (as a special revenue fund).

The government-wide financial statements can be found on pages C1 and C2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided on pages C4 and C6 to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Fund Financial Statements (continued): The City maintains three individual governmental funds, all of which are considered to be major funds. Information is presented separately for each fund in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. Basic governmental fund financial statements can be found on pages C3 and C5 of this report.

The City adopts annual appropriated budgets for all governmental funds. A budgetary comparison schedule has been provided for the General, Conservation Trust, Fire Operations Funds, and the Leadville Urban Renewal Authority, a blended component unit, to demonstrate compliance with State budget statutes. These budgetary comparison schedules are found in section E of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide Financial Analysis:

The following chart shows the City's assets, liabilities, and net position at December 31, 2021 and 2020:

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$ 4,888,897	\$ 3,617,590
Capital assets, net	4,685,239	3,183,228
Total Assets	9,574,136	6,800,818
Deferred Outflows of Resources:		
Pension related deferred outflows	516,095	568,884
Total Deferred Outflows of Resources	516,095	568,884
Liabilities:		
Other liabilities	557,131	264,979
Long-term liabilities	920,686	404,799
Total Liabilities	1,477,817	669,778
Deferred Inflows of Resources:		
Pension related deferred inflows	326,325	175,833
Unavailable revenue	803,081	715,683
Total Deferred Inflows of Resources	1,129,406	891,516
Net Position:		
Net investment in capital assets	3,703,359	2,835,714
Restricted	482,826	176,319
Unrestricted	3,296,823	2,796,375
Total Net Position	\$ 7,483,008	\$ 5,808,408

Total assets of the City increased \$2,773,318 during the past year. Cash and investments increased \$383,246 during the past year and corresponds to the change in fund balance offset by the increase in receivables and the decrease in non-pension liabilities. Capital assets increased by \$1,502,011 during the past year. This net increase in capital assets approximates capital additions of \$2,046,624 less disposals of \$198,075 and depreciation of \$417,602. Capital asset additions during the past year were related primarily to the purchase of equipment and vehicles for the police and fire departments.

Government-wide Financial Analysis: (continued)

Total liabilities of the City increased \$808,039 from the previous year. This increase is primarily attributed to capital leases new in 2021.

Long-term liabilities are comprised of accrued compensated absences and capital leases. Accrued compensated absences decreased \$30,838 between 2020 and 2021. Another change to liabilities is the net pension liability which decreased \$214,560.

Approximately 49% of the City's net position reflects its investment in capital assets (i.e. land, infrastructure, buildings, vehicles, and equipment less accumulated depreciation and related debt), representing a 31% increase from 2020. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position of \$3,779,649, \$154,000, \$279,599, and \$49,227 has been restricted for emergencies, net pension assets, and recreation, respectively. The remaining balance of \$3,296,823 may be used to meet the City's ongoing obligations relating to its operations.

Consistent with the prior year, the City is able to report positive balances in all three categories of net position.

The following chart summarizes financial information relating to the City's Statement of Activities:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 465,831	\$ 643,974
Operating grants and contributions	1,665,323	1,328,775
Capital grants and contributions	535,619	565,722
General revenues:		
Property taxes	703,480	711,540
Sales taxes	2,803,725	2,305,217
Other taxes	351,377	456,782
Gain on disposal of capital assets	4,000	-
Interest and other revenue	52,702	46,041
Total Revenues	<u>6,582,057</u>	<u>6,058,051</u>
Expenses:		
General government	1,257,137	1,003,923
Cultural enhancement	188,613	220,029
Judicial	34,086	31,091
Parks and recreation	38,739	38,491
Public safety	2,581,199	2,704,431
Public works	807,683	624,685
Total Expenses	<u>4,907,457</u>	<u>4,622,650</u>
Change in Net Position	1,674,600	1,435,401
Net Position - Beginning	5,808,408	4,373,007
Net Position - Ending	<u>\$ 7,483,008</u>	<u>\$ 5,808,408</u>

Government-wide Financial Analysis: (continued)

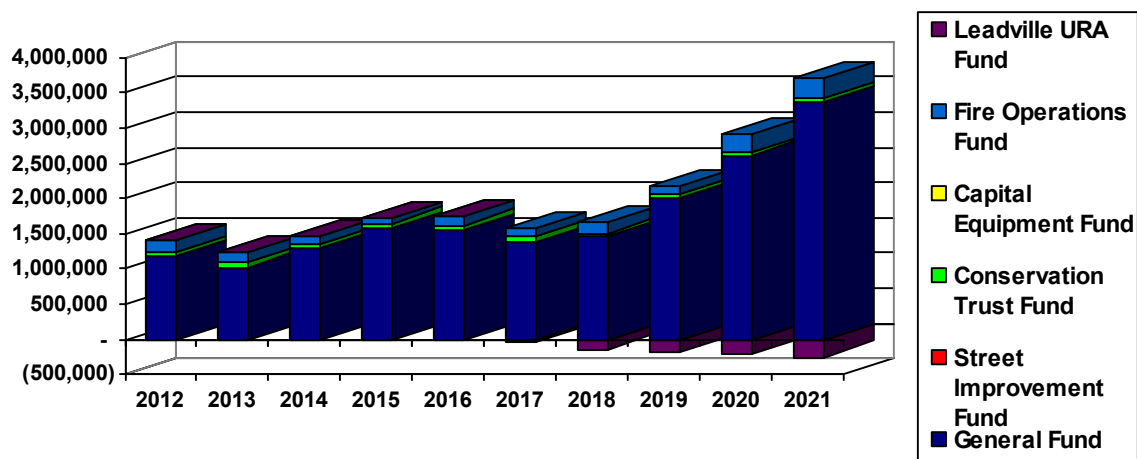
The City's net position increased \$1,674,600 during 2021. Key elements of the change in net position are as follows:

- Sales tax and property tax revenues increased \$498,508 and \$8,060, respectively due to favorable economic conditions after the COVID-19 pandemic.
- Capital grants and contributions increased \$30,103.
- Overall expense increased \$284,807, which is mainly attributable to an increase in general government expenses by \$253,214 with grants to local business.

Financial Analysis of the City's Funds

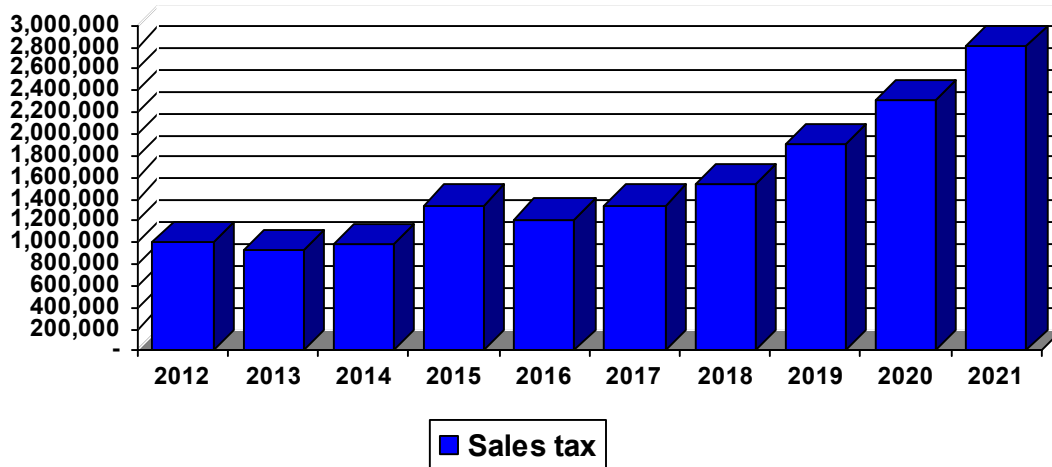
Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,464,862, an increase of \$764,838 from the prior year ending fund balances. Unassigned balances at December 31, 2021 were equal to 38% of aggregate 2021 expenditures, which represents a 1% increase from the percentage reported for 2020. Aggregate City fund balances for the past ten years are presented in graph below. Note in 2011 the Capital Equipment and Street Improvement Funds were closed into the General Fund due to reporting requirements.



Financial Analysis of the City's Funds (continued)

Sales Tax: The City's main funding source is sales tax. An increase in sales tax from 2020 of \$498,508 was primarily due to an improved economy following the COVID-19 pandemic. The following chart indicates changes in the sales taxes.



Budget Variances in the General Fund: As mentioned on page B2 of this analysis, the City uses fund accounting to ensure and demonstrate compliance with State budget statutes. Significant variances between final budget and actual amounts for the General Fund were as follows:

Account	Variance Positive (Negative)	Reason
Revenues:		
Sales tax	903,725	Conservative budgeting for revenue.
Other taxes	(93,272)	Marijuana and severance taxes decreased.
Grant revenue	(150,232)	Project timing for Tabor Oprah Hall.
Donations and contributions	(33,619)	Budgeted for full grant awarded and Tabor Opera renovation is still underway.
Expenditures:		
General government - general operating	396,280	Certain budgeted expenditures included in this line, while actual expenditures are in <i>Capital outlay</i> line; also conservative spending and budgeting.
Capital outlay	(797,785)	Budgeted expenditures are in the <i>General government - general operating</i> line and unbudgeted lease expenditures.
Lease proceeds	835,988	Unbudgeted equipment lease proceeds.

Capital Assets and Debt Administration

Capital Assets: The City's capital assets increased by approximately \$1,502,011 during the past fiscal year. Additional information as well as a detailed classification of the City's capital assets can be found in the Notes to the Financial Statements in section D of this report.

Long-term Debts: The City's long-term debt obligations increased \$515,887 from December 31, 2020, excluding the changes in balances due within one year. This change is detailed by a decrease of the net pension liability of approximately \$214,560, a decrease in accrued compensated absences of approximately \$30,838, and a net increase in capital leases of \$634,366 net for new leases and 2021 principal. Additional information can be found in the Notes to the Financial Statements on section D of this report.

Economic Factors and Next Year's Budget:

The City's General Fund balance at the end of the current fiscal year was \$3,368,210. The City's 2022 General Fund budget does not anticipate use of beginning fund balance.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Leadville, City Treasurer, 800 Harrison Avenue, Leadville, Colorado 80461.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Leadville, Colorado
Statement of Net Position
Governmental Activities
December 31, 2021

Assets:

Cash and Cash Equivalents:	
Unrestricted	2,416,430
Restricted	77,042
Receivables, net:	
Property taxes	803,081
Other	630,010
Intergovernmental	591,063
Prepaid expenses	91,672
Net Pension Assets:	
Cost share plan - Fire	176,317
Cost share plan - Police	103,282
Capital Assets, not being depreciated	1,861,024
Depreciable capital assets, net	2,824,215
Total Assets	<u>9,574,136</u>

Deferred Outflows of Resources:

Pension related deferred outflows:	
Cost share plan - Fire	321,207
Cost share plan - Police	183,210
Agent plan - Fire "Old Hire"	11,678
Total Deferred Outflows of Resources	<u>516,095</u>

Liabilities:

Accounts payable	48,031
Accrued payroll	34,388
Unearned grant revenue:	254,841
Deposits	4,095
Accrued compensated absences:	
Due in more than one year	84,708
Debt payable:	
Due within one year	215,776
Due in more than one year	766,104
Net Pension Liability:	
Due in more than one year	
Agent plan - Fire "Old Hire"	69,874
Total Liabilities	<u>1,477,817</u>

Deferred Inflows of Resources:

Pension related deferred inflows:	
Cost share plan - Fire	202,651
Cost share plan - Police	123,674
Unavailable property tax revenue	803,081
Total Deferred Inflows of Resources	<u>1,129,406</u>

Net Position:

Net investment in capital assets	3,703,359
Restricted for emergencies	154,000
Restricted for net pension assets	279,599
Restricted for recreation	49,227
Unrestricted	3,296,823
Total Net Position	<u>7,483,008</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	1,257,137	161,684	132,068	116,141	(847,244)
Cultural enhancement	188,613	-	217,749	419,478	448,614
Judicial	34,086	850	-	-	(33,236)
Parks and recreation	38,739	-	36,303	-	(2,436)
Public safety	2,581,199	285,297	1,114,343	-	(1,181,559)
Public works	807,683	18,000	164,860	-	(624,823)
Total Governmental Activities	4,907,457	465,831	1,665,323	535,619	(2,240,684)
General Revenues:					
					2,803,725
					703,480
					64,419
					147,005
					139,953
					6,553
					4,000
					46,149
					3,915,284
					1,674,600
					5,808,408
					7,483,008

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

FUND FINANCIAL STATEMENTS



City of Leadville, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Conservation Trust</u>	<u>Fire Operations</u>	<u>Leadville Urban Renewal Authority</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and Cash Equivalents:					
Unrestricted	2,327,087	49,579	39,764	-	2,416,430
Restricted	77,042	-	-	-	77,042
Property taxes assessed but not collectible until subsequent year	803,081	-	-	-	803,081
Other receivables	605,360	-	24,650	-	630,010
Due from other Governments	411,582	-	171,196	8,285	591,063
Due from other funds	260,178	-	-	-	260,178
Prepaid expenses	6,540	-	85,132	-	91,672
Total Assets	<u>4,490,870</u>	<u>49,579</u>	<u>320,742</u>	<u>8,285</u>	<u>4,869,476</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	39,560	333	8,138	-	48,031
Accrued payroll	21,083	19	13,286	-	34,388
Accrued expenses	682	-	-	-	682
Due to other funds	-	-	-	260,178	260,178
Unearned grant revenue	254,841	-	-	-	254,841
Deposits	3,413	-	-	-	3,413
Total Liabilities	<u>319,579</u>	<u>352</u>	<u>21,424</u>	<u>260,178</u>	<u>601,533</u>
Deferred Inflows of Resources:					
Unavailable property tax revenue	803,081	-	-	-	803,081
Total Deferred Inflow of Resources	<u>803,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>803,081</u>
Fund Balances:					
Unspendable					
Prepaid expenses	6,540	-	85,132	-	91,672
Restricted for:					
Emergencies	154,000	-	-	-	154,000
Recreation	-	49,227	-	-	49,227
Committed for:					
Capital equipment repair and replacement	-	-	(50,347)	-	(50,347)
Program and training costs	-	-	349,663	-	349,663
Assigned for:					
Paving	300,000	-	-	-	300,000
Animal shelter capital improvements	30,007	-	-	-	30,007
Unassigned:	2,877,663	-	(85,130)	(251,893)	2,540,640
Total Fund Balances	<u>3,368,210</u>	<u>49,227</u>	<u>299,318</u>	<u>(251,893)</u>	<u>3,464,862</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>4,490,870</u>	<u>49,579</u>	<u>320,742</u>	<u>8,285</u>	<u>4,869,476</u>

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

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

Governmental Funds Total Fund Balance		3,464,862
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets - cost	9,163,898	
Less accumulated depreciation	<u>(4,478,659)</u>	4,685,239
Other long-term assets and deferred outflows of resources are not available for current period expenditures and, therefore, are not reported in the funds.		
Net Pension Assets:		
Cost Share Plan - Fire	176,317	
Cost Share Plan - Police	<u>103,282</u>	279,599
Deferred Outflows of Resources:		
Cost Share Plan - Fire	321,207	
Cost Share Plan - Police	183,210	
Agent - Fire "Old Hire"	<u>19,421</u>	523,838
Long-term liabilities and deferred outflows are not due and payable in the current period, and therefore are not reported in the funds.		
Net Pension Liabilities:		
Agent - Fire "Old Hire"	<u>(69,874)</u>	(69,874)
Deferred inflows of resources:		
Cost Share Plan - Fire	(202,651)	
Cost Share Plan - Police	(123,674)	
Agent - Fire "Old Hire"	<u>(7,743)</u>	(334,068)
Accrued compensated absences	(84,708)	
Debt payable	<u>(981,880)</u>	<u>(1,066,588)</u>
Net Position of Governmental Activities		<u><u>7,483,008</u></u>

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

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

	<u>General</u>	<u>Conservation Trust</u>	<u>Fire Operations</u>	<u>Leadville Urban Renewal Authority</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	3,898,523	-	-	12,309	3,910,832
Licenses and permits	75,147	-	-	-	75,147
Intergovernmental revenue	590,182	36,303	1,023,404	-	1,649,889
Charges for services	79,527	-	218,299	-	297,826
Fines and forfeitures	17,408	-	-	-	17,408
Investment income	6,030	344	179	-	6,553
Donations and contributions	441,557	-	4,287	116,141	561,985
Other grants	7,049	-	-	-	7,049
Other income	51,349	-	-	19	51,368
Total Revenues	<u>5,166,772</u>	<u>36,647</u>	<u>1,246,169</u>	<u>128,469</u>	<u>6,578,057</u>
Expenditures:					
General government	1,884,230	-	-	30,856	1,915,086
Cultural enhancement	168,584	-	-	-	168,584
Judicial	34,086	-	-	-	34,086
Parks and recreation	-	38,739	-	-	38,739
Public safety	922,292	-	1,523,164	-	2,445,456
Public works	560,952	-	-	-	560,952
Capital outlay	1,098,109	-	49,271	116,141	1,263,521
Debt Service:					
Principal	178,004	-	23,618	-	201,622
Interest	19,808	-	5,353	-	25,161
Total Expenditures	<u>4,866,065</u>	<u>38,739</u>	<u>1,601,406</u>	<u>146,997</u>	<u>6,653,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>300,707</u>	<u>(2,092)</u>	<u>(355,237)</u>	<u>(18,528)</u>	<u>(75,150)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	404,808	-	404,808
Transfers (out)	(404,808)	-	-	-	(404,808)
Sale of capital assets	4,000	-	-	-	4,000
Lease proceeds	835,988	-	-	-	835,988
Total Other Financing Sources (Uses)	<u>435,180</u>	<u>-</u>	<u>404,808</u>	<u>-</u>	<u>839,988</u>
Net Change in Fund Balances	735,887	(2,092)	49,571	(18,528)	764,838
Fund Balances - Beginning	<u>2,632,323</u>	<u>51,319</u>	<u>249,747</u>	<u>(233,365)</u>	<u>2,700,024</u>
Fund Balances - Ending	<u>3,368,210</u>	<u>49,227</u>	<u>299,318</u>	<u>(251,893)</u>	<u>3,464,862</u>

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

City of Leadville, Colorado
Reconciliation 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 764,838

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was exceeded depreciation expense.

Capitalized expenditures	1,919,613	
Depreciation expense	<u>(417,602)</u>	1,502,011

The issuance of long-term debt (i.e. capital leases) provides current financial resources to the governmental funds, however this transaction has no effect on net assets. This is the amount of capital lease proceeds. (835,988)

The repayment of principal on long-term debt consumes the current financial resources of governmental funds. This is the amount of principal repayments reported in the governmental funds. 201,622

Changes in the District's net pension liability/asset reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension liability/asset during the year, including difference between the City's contributions to the pension plan and amortization of pension-related deferrals

Cost share plan - Fire	5,950	
Cost share plan - Police	(4,947)	
Agent plan - Fire "Old Hire"	<u>10,276</u>	11,279

Some expenses reported in the Statement of Activities do not require the use of current financial resources. This is the change compensated absences. 30,838

Change in Net Position of Governmental Activities 1,674,600

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

City of Leadville, Colorado
Statement of Fiduciary Net Position
High Country Developers
December 31, 2021

Assets:	Custodial Funds
Receivable	<u>172,634</u>
Total Assets	<u>172,634</u>
Liabilities:	
Funds held for others	<u>172,634</u>
Total Liabilities	<u>172,634</u>
Net Position:	
Net position	<u><u>-</u></u>

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

City of Leadville, Colorado
Statement of Changes in
Fiduciary Net Position
High Country Developers
For the Year Ended December 31, 2021

	Custodial Funds
Additions:	
Funds held for others	90,317
Total Additions	90,317
Deductions:	
Funds held for others	90,317
Total Deductions	90,317
Net increase (decrease) in fiduciary net position	-
Net Position - Beginning	-
Net Position - Ending	-

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

NOTES TO THE FINANCIAL STATEMENTS



City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021

I. Summary of Significant Accounting Policies

The financial statements of the City of Leadville (the "City") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The City is incorporated under the laws of the State of Colorado and operates under an elected Mayor-Council form of government. The financial statements of the reporting entity include those of the City (the primary government) and any component units for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of that organization's governing body, if it is able to impose its will on that organization, or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations that are fiscally dependent upon the City; that is, organizations that are unable to adopt a budget, levy taxes, or issue debt without approval by the City. Finally, organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The City's blended component unit is the Leadville Urban Renewal Authority (the "LURA") is a separate entity created under Colorado Urban Renewal Law to provide for acquisition, clearance, rehabilitation, conservation, development, or redevelopment of property in the interest of public health, safety, morals, or welfare of the residents of the City. The boundaries of the LURA shall be coterminous with those of the City. The LURA will consist of eleven members as follows: the City's Mayor and council members, an at large member appointed by the Mayor, plus one appointed member each from the Lake County Board of County Commissioners and the Lake County School District, with the final seat filled by a member appointed to represent the special districts levying a mill levy with the City. For financial reporting purposes, the LURA is blended into the City's financial statements and is reported in a single special revenue fund as a blended component unit. A separate budget is adopted for the LURA, however separate financial statements of the LURA are not issued.

B. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's individual funds).

1. Government-wide Financial Statements

The government-wide financial statements report information on all non-fiduciary activities of the City and categorize primary activities as either governmental or business-type. The City's governmental activities include general government, public safety, judicial (court), public works (streets and maintenance) and parks and recreation. The City does not have any business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, net of related debt; restricted net position, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.).

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are mostly supported by general revenues (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Fire Operations Fund* accounts for the City's revenue and expenditures relating to the Fire Department operations.

The *Leadville Urban Renewal Fund* (the "LURA") accounts for the receipt of tax increment revenues and the activities of redevelopment that are undertaken by the LURA, including issuing debt and constructing public improvements.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

The government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the City.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

The City's follows Colorado Revised Statutes which permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Investments are stated at fair market value. The City does not currently hold any investments which require fair market valuation.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The City uses the allowance method for recognizing the potential uncollectibility of delinquent accounts receivable. At December 31, 2021, no allowance has been established, as all amounts are considered collectible.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

4. Capital Assets

Capital assets, which include land, infrastructure, buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years with an initial cost of \$5,000 or more. Purchased assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase is expensed as incurred.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets (continued)

Buildings, equipment and vehicles and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Buildings	30
Equipment and vehicles	3 - 30
Infrastructure	15 - 20

5. Compensated Absences

For governmental funds, vested and accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources, is reported as expenditures and a fund liability of the governmental fund that will pay it. Vested and accumulated vacation and sick leave not expected to be liquidated with expendable available financial resources are not reported in the governmental fund financial statements. However, these amounts are reported in the government-wide financial statements. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated to be paid upon termination.

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category at December 31, 2021 deferred outflows of resources related to its pension obligations which are further described at Notes IV.F.1. and IV.F.2.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Revenue from property taxes, and pension related items are deferred and recognized as an inflow from resources in the period that the amounts become available. For further details, on the collective deferred inflows related to the City's pension obligations, see Notes IV.F.1. and IV.F.2.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Pensions

The City participates in the Statewide Defined Benefit Plan (the "SWDB Plan") administered by the Fire and Police Pension Association of Colorado (the "FPPA"). The SWDB Plan is a cost-sharing multiple-employer defined benefit plan. The City also sponsors the firefighter "old hire" single employer defined benefit agent plan. The net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Fund Balance

The City classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the City Council.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

10. Restricted Assets

Certain resources of the City are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable agreements.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

These financial statements include a reconciliation between the total fund balances of all governmental funds as presented on the Governmental Funds Balance Sheet and the net position of governmental activities as reported in the government-wide Statement of Net Position. Additionally, these financial statements include a reconciliation between the total net change in fund balances of all governmental funds as presented on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position of governmental activities as reported in the government-wide Statement of Activities.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with GAAP. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2021:

1. For the 2021 budget year, prior to August 25, 2020, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries. The County Assessor may change the assessed valuation on or before December 15, 2020, only once by a single notification to the City.
2. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2020, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2020, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After a required publication of "Notice of Proposed Budget", the City adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year.
5. After adoption of the budget resolution, the City may make the following changes: a) it may transfer appropriated money between funds; b) it may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) it may approve emergency appropriations, and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2020 were collected in 2021 and taxes certified in 2021 will be collected in 2022. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

For the year ended December 31, 2021, the City reported expenditures in excess of appropriations for the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund	\$ 4,963,225	\$ 5,270,873	\$ 307,648
Urban Renewal Authority	25,000	30,856	5,856

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$154,000 for TABOR, which is the approximate required reserve at December 31, 2021.

On November 7, 2017, the City's voters approved the following ballot question:

"Without creating any new tax or increasing any current taxes, shall the city of Leadville be permitted to retain and spend city revenues derived from any and all sources in excess of the spending or other limitations set forth in Article X, Section 20 of the Colorado Constitution or in Section 29-1-301 of the Colorado Revised Statutes, beginning with revenues received in 2017, such excess revenues to be used for any and all municipal purposes?"

The City believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments

The City's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's cash was \$2,493,472 at year end. The City had the following cash and investments with the following maturities at December 31, 2021:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Petty Cash	Not rated	\$ 380	\$ 380	\$ -
Checking	Not rated	2,035,708	2,035,708	-
Savings	Not rated	5,424	5,424	
Non-negotiable Certificate of deposit	Not rated	68,714	-	68,714
		<u>\$ 2,110,226</u>	<u>\$ 2,041,512</u>	<u>\$ 68,714</u>

The City has no investments that meet the fair value requirements.

Interest Rate Risk - As a means of limiting its exposure to interest rate risk, the City coordinates its investment maturities closely to match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk - Colorado statutes specify instruments in which local governments may invest. The City's general investment policy is to apply the prudent-person rule; Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

B. Restricted Cash

Restricted cash and investments consisted of the following at December 31, 2021:

Bail bonds	\$ 2,883
Court surcharge	5,424
Main Street Program	3,162
Police Chief retirement obligation	68,714
Total Restricted Cash	<u>\$ 80,183</u>

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 100,638	\$ 116,141	\$ -	\$ 216,779
Work in Process	961,643	809,613	(127,011)	1,644,245
Total Capital Assets, Not Being Depreciated	<u>1,062,281</u>	<u>925,754</u>	<u>(127,011)</u>	<u>1,861,024</u>
Capital assets, being depreciated:				
Infrastructure	511,344	117,674	-	629,018
Buildings	1,304,688	-	-	1,304,688
Equipment and vehicles	4,437,036	1,003,196	(71,064)	5,369,168
Total Capital Assets Being Depreciated	<u>6,253,068</u>	<u>1,120,870</u>	<u>(71,064)</u>	<u>7,302,874</u>
Less accumulated depreciation for:				
Infrastructure	(413,011)	(20,476)	-	(433,487)
Buildings	(753,881)	(23,605)	-	(777,486)
Equipment and vehicles	(2,965,229)	(373,521)	71,064	(3,267,686)
Total Accumulated Depreciation	<u>(4,132,121)</u>	<u>(417,602)</u>	<u>71,064</u>	<u>(4,478,659)</u>
Total Capital Assets, Being Being Depreciated, Net	<u>2,120,947</u>	<u>703,268</u>	<u>-</u>	<u>2,824,215</u>
Governmental activities capital assets, net	<u>\$ 3,183,228</u>	<u>\$ 1,629,022</u>	<u>\$ (127,011)</u>	<u>\$ 4,685,239</u>

The City had capital outlay expenditures and depreciation expense for 2021 as follows:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 1,974	\$ 233,815
Cultural enhancement	20,029	788,493
Public safety	155,638	255,163
Public works	239,961	769,153
Total	<u>\$ 417,602</u>	<u>\$ 2,046,624</u>

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Interfund Activity

1. Internal Balances

Balances due between funds at December 31, 2021 were as follows:

	Due To	Due From
General	\$ 260,178	\$ -
Leadville URA	-	260,178
	\$ 260,178	\$ 260,178

The internal balance between the General Fund and Fire Fund is due to temporary cash flow.

The amount payable to the general fund from the LURA is related to costs incurred in the formation of the LURA. This balance is not scheduled to be collected in the subsequent year.

2. Transfers

Transfers made during 2021 were as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 404,808
Fire Operations	404,808	-
	\$ 404,808	\$ 404,808

The transfer made from the General Fund to the Fire Fund was the General Fund's subsidy of the fire protection operations.

3. Interfund Loans

During December 2018, the City entered into a promissory note agreement in the amount of \$110,000 to reimburse the expenses of the LURA, bearing interest on the unpaid principal at the rate of 3% per annum. December 3, 2019 the promissory note was amended to increase the loan up to \$224,138. The LURA promises to repay the note in full on or before December 2021. As of December 31, 2021, the balance of the note was \$260,178 including principal and interest.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds

E. Long-term Liabilities

1. Capital Leases

The City has entered into the following leases:

Police Vehicles:

- a. On March 1, 2021, the City entered into a lease purchase agreement for three police vehicles in the amount of \$129,531, bearing interest at 5.99%. Lease payments of \$2,501 are due monthly on the 1st through February 1, 2026.
- b. On April 28, 2021, the City entered into a lease purchase agreement for two police vehicles in the amount of \$87,538, bearing interest at 5.99%. Lease payments of \$1,694 are due monthly on the 28th through October 28, 2025.

Fire Tactical Tender: On September 4, 2018, the City entered into a seven-year lease purchase agreement for a Fire Tactical Tender in the amount of \$174,900, bearing interest at 5.24%. Lease payments of \$28,971.50 are due annually on the 1st of October through October 1, 2024.

Mack Truck: On October 22, 2020, the City entered into a five-year lease purchase agreement for a Mack Truck in the amount of \$212,959, bearing interest at 3.5%. Lease payments of \$45,571 are due annually on the 22nd of October through October 22, 2024.

Wagner Truck: On April 23, 2021, the City entered into a five-year lease purchase agreement for a Wagner Truck in the amount of \$246,931, bearing interest at 2.70%. Lease payments of \$3,719 are due monthly on the 23rd of May, 2021 through April 23, 2027.

Street Motor Grader: On December 15, 2021, the City entered into a five-year lease purchase agreement for a Motor Grader in the amount of \$370,897, bearing interest at 2.63%. Lease payments of \$6,604 are due monthly on the 15th of January, 2022 through December 15, 2026.

Future lease payments for the City are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 215,776	\$ 32,985	\$ 248,761
2023	223,939	24,820	248,759
2024	232,455	16,305	248,760
2025	166,795	7,423	174,218
2026	131,809	2,146	133,955
2027	11,106	50	11,156
Total	<u>\$ 981,880</u>	<u>\$ 83,729</u>	<u>\$ 1,065,609</u>

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

1. Capital Leases (continued)

Interest expense, as functionally allocated, for the year ended December 31, 2021 is:

	Interest Expense
Governmental activities:	
Public safety	\$ 14,112
Public works	11,049
Total	\$ 25,161

The net book value of the assets acquired through a capital lease is computed as follows at December 31, 2021:

Cost	\$ 1,222,757
Less: accumulated depreciation	(279,970)
Net book Value	\$ 942,787

2. Accrued Compensated Absences

City employees accumulate paid time off (“PTO”) based upon their length of employment. All employees are encouraged to use their PTO within the year it is earned. Unused accumulated PTO is payable to employees upon termination, subject to certain maximum limits. Therefore, a liability for unused paid time off is shown on the City’s government-wide financial statements.

3. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 347,514	\$ 835,988	\$ (201,622)	\$ 981,880	\$ 215,776
Compensated absences	115,546	-	(30,838)	84,708	-
Net pension (asset) liability	4,835	-	(214,560)	(209,725)	-
Total	\$ 467,895	\$ 835,988	\$ (447,020)	\$ 856,863	\$ 215,776

These liabilities are generally liquidated by the General Fund and the Fire Operations Fund.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan

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

Contributions: Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates may be increased by the FPPA Board of Directors upon approval through an election by both the employers and members. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13%. In 2021, employees and employers are contributing at a rate of 11% and 8%, respectively, of base salary for a total contribution rate of 19%. Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 23% and 23.5% of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.5% and 4% of base salary for a total contribution rate of 9.5% in 2020 and 9.75% in 2021. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions are 4% and 4.25% in 2020 and 2021, respectively. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued): The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. Benefits paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W").

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

Net Pension Liability (Asset): At December 31, 2021, the Plan's fiduciary net position is exceeded by the total pension liability; consequently the City reported assets of \$176,317 and \$103,282 for its proportionate share of the net pension asset for fire and police respectively. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The City's proportion of the net pension asset was based on City contributions to the Plan for the calendar year 2020 relative to the total contributions of participating employers to the Plan.

At the December 31, 2020 and 2019 measurements, the City's proportions for fire and police were as follows:

	Proportionate Share	
	2020	2019
Fire	0.081215%	0.085939%
Police	0.047573%	0.052333%

For the year ended December 31, 2021, the City recognized net pension (revenue) or expense of \$(5,950) and \$4,947 for fire and police respectively.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension Liability (Asset) (continued): At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fire		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 149,536	\$ 701	\$ 87,594	\$ 410
Change of assumptions or other inputs	74,991	-	43,926	-
Net difference between projected and actual earnings on pension plan investments	-	181,104	-	106,085
Changes in proportionate share of contributions	39,658	20,846	26,228	17,179
Contributions subsequent to measurement date	57,022	-	25,462	-
	<u>\$ 321,207</u>	<u>\$ 202,651</u>	<u>\$ 183,210</u>	<u>\$ 123,674</u>

Contributions subsequent to the measurement date of December 31, 2020 – which are reported as deferred outflows of resources related to pensions – will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization	
	Fire	Police
2022	\$ (17,370)	\$ (9,683)
2023	6,120	4,077
2024	(24,349)	(13,771)
2025	6,686	4,112
2026	34,792	19,818
thereafter	55,655	29,521
	<u>\$ 61,534</u>	<u>\$ 34,074</u>

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions: The collective total pension liability and actuarially determined contributions in the December 31, 2020 actuarial valuation were determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	Total Pension Liability 2021	Actuarially Determined Contributions 2020
Actuarial Valuation Date January 1,		
Actuarial method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, open
Amortization Period	N/A	30 years
Long-term investment Rate of Return	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
Includes inflation at	2.50%	2.50%

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

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

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

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

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

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

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

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Discount Rate (continued): For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Collective net pension liability (asset)	\$ 218,477,475	\$ (217,100,397)	\$ (577,813,278)
Proportionate share of net pension liability (asset):			
Fire	\$ 177,436	\$ (176,317)	\$ (469,270)
Police	\$ 103,937	\$ (103,282)	\$ (274,885)

Pension plan fiduciary net position: Detailed information about the Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report, which can be obtained at: <http://www.fppaco.org/annual-reports.html>.

2. Agent Fire “Old Hire” Pension Plan

Plan Description: The City is trustee of a single employer defined benefit pension plan available to provide retirement income for all fire fighters hired before April 8, 1978 (“old hires”) in recognition of their service to the City. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org/annual-reports.html>.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Agent Fire “Old Hire” Pension Plan (continued)

Plan Description (continued): The plan provides normal retirement benefits, severance, and death and disability benefits. Normal retirement benefits begin at 50 years of age and upon completion of 18 years of service and include monthly pension equal to one-half of his monthly salary at the date of his retirement. For severances, firefighters have the option to refund their contribution with 5% annual interest, or to receive deferred retirement pensions equal to one-half their monthly salary if they meet the age and service requirements of the normal retirement benefit. If a firefighter eligible to receive or is receiving benefits dies in retirement, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one-half the monthly pension the firefighter was entitled to receive. There are no vested retirement benefits. As of January 1, 2020, the latest actuarial valuation date, there were 0 active members, 0 service retirees and 3 retirees and beneficiaries.

Funding Policy: The funding of the plan by the City and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the “State”) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the City currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

Net Pension Liability: At December 31, 2021, the old hire pension fund reported a net pension liability of \$69,874. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Agent Fire “Old Hire” Pension Plan (continued)

Actuarial Assumptions: The significant actuarial assumptions used in the valuation as of January 1, 2021 were:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	14 Years*
Asset valuation method	5-Year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Table for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (4.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (2.75%) to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 4.50%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following represent the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 4.50%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> <u>(3.50%)</u>	<u>Current Discount</u> <u>Rate (4.50%)</u>	<u>1% Increase</u> <u>(5.50%)</u>
Net pension liability (asset)	\$ 86,605	\$ 69,874	\$ 55,152

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

F. Pension (Assets) Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Agent Fire “Old Hire” Pension Plan (continued)

In connection with the City’s Old Hire Pension Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,904
Contributions subsequent to measurement date	15,582	-
	\$ 15,582	\$ 3,904

Contributions subsequent to the measurement date of December 31, 2020, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year Ended December 31,	Amortization
2022	\$ (1,455)
2023	110
2024	(1,809)
2025	(750)
	\$ (3,904)

G. Other Payroll Obligation - Police Chief Retirement Benefit Obligation

The City has one retired police chief who is covered by an agreement to provide retirement benefits. The benefit provides approximately \$30,000 in annual payments. In 2021 the City has set aside \$68,714 to provide this benefit. The City has not completed recurring actuarial evaluations one beneficiary receiving benefits who is age 87 as of December 31, 2021. No other City employees currently participate or will participate in the plan in the future as all employees hired after April 8, 1978, are covered by a FPPA “new hire” pension plan.

The payment is based upon 65% of the average salary received one year before retirement, with an adjustment of 3% of such average salary for each year of service completed in excess of 22 years, up to a maximum of 100% of such policemen's average salary.

As of December 31, 2021, the City paid out \$24,071 in benefits and no longer has any participants in the plan.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information

A. Pension Plans

1. Deferred Compensation Plan

The City offers its full time, year-round employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (the “457 Plan”). The 457 Plan permits eligible employees to defer a portion of their salary until future years.

All compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Compensation deferred under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City matches employee contributions at a minimum rate of 1% for all City employees with up to 5% match for fire and police personnel and up to 6% match for other City employees.

The City contributed \$37,903 for the year ended December 31, 2021

Investment decisions within the 457 Plan are determined by the individual participants and, therefore, the 457 Plan’s investment concentration varies between participants.

The City is the Trustee of the 457 Plan and, accordingly, has no liability for losses under the plan. However, the City does have the duty of due care that would be required of an ordinary prudent investor. Consequently, the 457 Plan is not part of the City’s financial statements.

2. Statewide Death and Disability Plan

Plan Description: Firefighters and police of the City contribute to the Statewide Death and Disability Plan (“SWDD”). The SWDD is a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. Contributions to the SWDD are used solely for the payment of death and disability benefits. The SWDD was established in 1980 pursuant to Colorado Revised Statutes.

SWDD benefits provide 24-hour coverage for both on- and off-duty members not eligible for normal retirement under a defined benefit plan, and members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

2. Statewide Death and Disability Plan (continued)

Plan Description (continued): In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

Funding Policy: Prior to 1997, the SWDD was primarily funded by the State of Colorado (the "State"), whose contributions were established by Colorado statute. In 1997, the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

The SWDD is funded by member or on-behalf of member contributions. Members hired on or after January 1, 1997, began contributing 2.4% of base salary to the SWDD. Contributions may be increased 0.1% biennially by the FPPA Board. The contribution rate increased to 3.0% of base salary as of January 1, 2021. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members.

The 3.0 percent contribution may be paid entirely by the City or member, or it may be split between the City and the member as determined at the local level. The City's members paid \$29,951 to the SWDD at December 31, 2021.

FPPA issues a publicly available comprehensive annual financial report which includes additional information on the SWDD. That report can be obtained at <https://www.fppaco.org/annual-reports.html>.

B. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

The City is exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; general property liability and errors and omissions. To address such risks, the City is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property, \$100,000 per claim/annual aggregate public relations and security breach, \$1,000,000 per claim or occurrence for liability, \$1,000,000 for public officials' liability, \$500,000 each claim/annual aggregate security and privacy liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2021. The deductible amount paid by the City for each incident in 2021 was \$1,000. All settlements for the year-ended December 31, 2021 were under the maximum coverage allowed.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

B. Risk Management (continued)

1. Colorado Intergovernmental Risk Sharing Agency (continued)

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The City's share of CIRSA's assets, liabilities, and fund equity as of December 31, 2021, (the latest year for which audited data is available) is as follows:

Property and Casualty Pool:	Equity Ratio
Operating Fund	0.1586%
Loss Fund	0.1775%
Excess Fund	0.0030%
Reserve Fund	0.3177%

CIRSA's combined financial information for the year ended December 31, 2021, is summarized as follows:

Assets:	
Cash and investments	\$ 90,532,926
Other assets	7,633,822
Total assets	98,166,748
Total liabilities	42,047,618
Net position	\$ 56,119,130
Total revenues	\$ 32,058,222
Total expenses	(33,223,759)
Change in net position	\$ (1,165,537)

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

2. Workers' Compensation

The City is exposed to various risks of loss related to workers' compensation. The City has acquired commercial coverage for this risk and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and settlements have not exceeded coverage for each of the past three fiscal years.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

C. Commitments and Contingencies

1. Legal Claims

During the normal course of business, the City may incur claims and other assertions against it from various agencies and individuals. Management of the City and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2021.

2. Federal and State Grants and Financial Sources

The City receives financial assistance from federal and state governmental agencies in the form of grants and operating agreements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

D. Agreements

1. Lake County – Shared Fire Protection Services

In accordance with an intergovernmental agreement with Lake County, Colorado (“County”), the County reimburses the City for 70% of the City's fire protection expenditures. The County's share of fire protection expenditures totaled \$944,552 for the year ended December 31, 2021.

2. Lake County – Shared Animal Shelter Services

The County and City equally share all costs associated with the construction and maintenance of an animal shelter as per the intergovernmental agreement. The City is responsible for providing staffing of 12 hours per week for the animal shelter via the City's Police Department. The County's share of animal shelter costs totaled \$64,573 during 2021.

3. County Health Pool

In 2004, the City entered into an agreement with the County Health Pool for administration of a health insurance program for all full-time non-elected City employees. Under this agreement, the City must purchase and pay for 50% of the employees' health insurance premiums (the City is currently paying 75%), and 100% of employees' group life insurance premiums must be purchased by the City. Employees are eligible for coverage after 30 days of continuous full-time employment.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

D. Agreements (continued)

4. Railyard at Leadville

1. Undergrounding Project

The City entered into agreements during March of 2018 with High Country Developers, L.L.C. ("HCD") and Xcel Energy ("Xcel") for undergrounding electric service lines in the area known as the Railyard at Leadville Project (the "Undergrounding Project"). As of March 2018, the project is estimated to cost \$520,200. The City has a franchise agreement dated September 22, 2014 where Xcel accumulates 1% ("1% Fund") of gross revenue for electrical services within the City to be used for the purposes of undergrounding electric service lines in the City. The City and Xcel have agreed to use \$400,000 of the City's allocated 1% Fund for use at the Railyard at Leadville. The City's agreement with the HCD states HCD will be responsible for any actual cost above the City's \$400,000 allocation of the 1% Fund. In accordance to the agreement the Developer has deposited \$120,200 with the City for the estimated balance necessary to complete the undergrounding project.

2. Mountain View Drive and U.S. Highway 24 Signal Project

In April of 2019 the City entered into agreements with the Colorado Department of Transportation ("CDOT") and HCD for traffic signal replacement and intersection improvements at Mountain View Drive and U.S. Highway 24 (the "Signal Project"). The cost of the Signal Project is currently contracted to be \$1,199,742, to be completed by Technology Contractors, Inc. The cost of the Signal Project will be paid by CDOT reimbursements to the City in the amount of \$592,255 and HCD in the amount of \$607,487. Additionally, since the CDOT funds will provided as reimbursements for completed and approved improvements, HCD will provide advance funds to the City in order for the funding necessary to pay for work on the improvements. This advance funding will be returned to HCD upon receipt of the CDOT reimbursements. Any costs beyond the original estimate will be the responsibility of HCD.

E. Leadville Urban Renewal Authority

The LURA has implemented an Incentive Policy to encourage redevelopment, development, and physical improvement of vacant, underutilized, and deteriorating properties within targeted locations of the city. The LURA and the City may participate in meritorious projects based on need and public benefit. Resources of the LURA and City are to be used to offset extraordinary costs associated with prevailing conditions that may be unfavorable for investment by providing resources to supplement financing of a project. Resources may be allocated via tax increment financing ("TIF"), infrastructure cost participation, relocation assistance, special district partnership, sales tax rebate, when feasible, fee and lien waivers and other miscellaneous incentives as detailed in the Incentive Policy.

City of Leadville, Colorado
Notes to the Financial Statements
December 31, 2021
(Continued)

V. Other Information (continued)

E. Leadville Urban Renewal Authority (continued)

The LURA and the City have entered into a certain agreement to meet development goals within certain areas of the City. The following areas have continuing development requirements or abatement agreements requiring disclosure entered into in 2020.

Development Area	Revenues Impacted	Governing Document	Amount	Requirements
Railyard Leadville	Property Tax Increment	Cooperation and Development Agreement	\$ 4,000,000	Earlier of \$4,000,000 percentage shares of incremental property taxes or September 19, 2044.

F. Subsequent event

On October 1, 2021, the City entered into a capital lease agreement with Community First National Bank, to purchase a Wildland Engine Fire Apparatus in the amount of \$338,527. The agreement has an interest rate of 2.56% with annual lease payments of \$72,409 for five years beginning June 1, 2022 through June 1, 2026. The fire apparatus is still being constructed and expected to be delivered in 2022.

REQUIRED SUPPLEMENTARY INFORMATION



City of Leadville, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property tax	717,182	717,182	691,171	(26,011)	711,540
Specific ownership tax	30,000	30,000	64,419	34,419	34,565
Sales tax	1,900,000	1,900,000	2,803,725	903,725	2,305,217
Franchise tax	120,000	120,000	147,005	27,005	126,401
Other taxes	285,475	285,475	192,203	(93,272)	295,816
Total Taxes	<u>3,052,657</u>	<u>3,052,657</u>	<u>3,898,523</u>	<u>845,866</u>	<u>3,473,539</u>
Licenses and Permits:					
Liquor license fee	6,000	6,000	4,386	(1,614)	7,034
Business licenses	32,500	32,500	36,211	3,711	34,345
Private parking permits	-	-	-	-	800
Excavation and zoning	12,000	12,000	34,550	22,550	14,150
Total Licenses and Permits	<u>50,500</u>	<u>50,500</u>	<u>75,147</u>	<u>24,647</u>	<u>56,329</u>
Intergovernmental Revenue:					
Grant revenue	512,535	512,535	362,303	(150,232)	262,616
State Highway Users Fund	108,000	108,000	130,643	22,643	104,489
Animal control reimbursement (County)	62,430	62,430	64,573	2,143	60,767
Motor vehicle fees	10,000	10,000	14,663	4,663	14,391
State highway maintenance	18,000	18,000	18,000	-	18,000
Total Intergovernmental Revenue	<u>710,965</u>	<u>710,965</u>	<u>590,182</u>	<u>(120,783)</u>	<u>460,263</u>
Charges for Services:					
Rents	-	-	-	-	18,778
Fire department administrative fee	25,400	25,400	25,400	-	25,400
Other charges for services	3,000	3,000	3,687	687	-
Development review fees	-	-	-	-	39,853
Animal control fees	35,000	35,000	26,719	(8,281)	15,926
Police department	48,527	48,527	23,721	(24,806)	36,612
Total Charges for Services	<u>111,927</u>	<u>111,927</u>	<u>79,527</u>	<u>(32,400)</u>	<u>136,569</u>
Fines and Forfeitures:					
Traffic fines	10,000	10,000	6,205	(3,795)	9,340
Other	5,600	5,600	3,965	(1,635)	6,340
Court fines	2,000	2,000	850	(1,150)	1,772
Parking fines	5,000	5,000	6,388	1,388	2,870
Total Fines and Forfeitures	<u>22,600</u>	<u>22,600</u>	<u>17,408</u>	<u>(5,192)</u>	<u>20,322</u>
Other:					
Investment income	12,600	12,600	6,030	(6,570)	13,446
Donations and contributions	475,176	475,176	441,557	(33,619)	361,509
Other grants	-	-	7,049	7,049	12,004
Other income	18,800	526,800	51,349	(475,451)	34,254
Total Other	<u>506,576</u>	<u>1,014,576</u>	<u>505,985</u>	<u>(508,591)</u>	<u>421,213</u>
Total Revenues	<u>4,455,225</u>	<u>4,963,225</u>	<u>5,166,772</u>	<u>203,547</u>	<u>4,568,235</u>

(continued)

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

City of Leadville, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)
(Continued)

	<u>2021</u>			<u>Final</u>	<u>2020</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
				<u>Variance</u>	
				<u>Positive</u>	
				<u>(Negative)</u>	
Expenditures:					
General Government:					
Executive	75,197	75,197	65,028	10,169	69,080
Administrative	139,236	139,236	107,180	32,056	89,013
City Clerk	69,206	69,206	58,773	10,433	51,697
City Treasurer	75,251	75,251	80,148	(4,897)	61,503
General operating	1,569,381	1,969,381	1,573,101	396,280	870,927
Animal shelter	161,060	196,060	177,868	18,192	138,785
Cultural enhancement	-	-	168,584	(168,584)	-
Judicial	43,280	43,280	34,086	9,194	31,091
Police department	856,505	779,505	744,424	35,081	871,785
Public works	569,511	719,511	560,952	158,559	464,836
Capital outlay	300,324	300,324	1,098,109	(797,785)	988,982
Debt Service:					
Principal	193,254	193,254	178,004	15,250	138,655
Interest	-	-	19,808	(19,808)	4,880
Total Expenditures	<u>4,052,205</u>	<u>4,560,205</u>	<u>4,866,065</u>	<u>(305,860)</u>	<u>3,781,234</u>
Excess of Revenues					
Over Expenditures	<u>403,020</u>	<u>403,020</u>	<u>300,707</u>	<u>(102,313)</u>	<u>787,001</u>
Other Financing (Uses)					
Transfer (out)	(403,020)	(403,020)	(404,808)	(1,788)	(373,979)
Sale of capital assets	-	-	4,000	4,000	5,235
Lease proceeds	-	-	835,988	835,988	212,959
Total Other Financing (Uses)	<u>(403,020)</u>	<u>(403,020)</u>	<u>435,180</u>	<u>838,200</u>	<u>(155,785)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>735,887</u>	<u>735,887</u>	<u>631,216</u>
Fund Balances - Beginning			<u>2,632,323</u>		<u>2,001,107</u>
Fund Balances - Ending			<u>3,368,210</u>		<u>2,632,323</u>

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

City of Leadville, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
Conservation Trust Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
State lottery funds	28,000	28,000	36,303	8,303	29,463
Investment income	600	600	344	(256)	897
Total Revenues	<u>28,600</u>	<u>28,600</u>	<u>36,647</u>	<u>8,047</u>	<u>30,360</u>
Expenditures:					
Parks	15,000	15,000	12,630	2,370	9,059
Recreation	-	-	-	-	509
Other	31,285	31,285	26,109	5,176	28,923
Total Expenditures	<u>46,285</u>	<u>46,285</u>	<u>38,739</u>	<u>7,546</u>	<u>38,491</u>
Net Change in Fund Balances	<u>(17,685)</u>	<u>(17,685)</u>	<u>(2,092)</u>	<u>15,593</u>	<u>(8,131)</u>
Fund Balances - Beginning			<u>51,319</u>		<u>59,450</u>
Fund Balances - Ending			<u>49,227</u>		<u>51,319</u>

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

City of Leadville, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
Fire Operations Fund
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental revenue - Lake County	970,379	940,379	944,552	4,173	872,617
Grants	30,000	30,000	78,852	48,852	176,642
Forest service payments	-	227,504	218,299	(9,205)	409,735
Donations and contributions	-	-	4,287	4,287	-
Investment income	-	-	179	179	465
Other income	81,572	81,572	-	(81,572)	-
Total Revenues	<u>1,081,951</u>	<u>1,279,455</u>	<u>1,246,169</u>	<u>(33,286)</u>	<u>1,459,459</u>
Expenditures:					
Salaries, wages and taxes	981,574	981,574	1,018,757	(37,183)	962,070
Wildfire assignment and standby expense	-	-	132,604	(132,604)	199,531
Other fire expense	401,825	401,825	371,803	30,022	411,298
Capital outlay	71,572	171,572	49,271	122,301	95,464
Debt Service:					
Principal	-	-	23,618	(23,618)	22,442
Interest	-	-	5,353	(5,353)	6,530
Contingency	-	140,000	-	140,000	-
Total Expenditures	<u>1,454,971</u>	<u>1,694,971</u>	<u>1,601,406</u>	<u>93,565</u>	<u>1,697,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(373,020)</u>	<u>(415,516)</u>	<u>(355,237)</u>	<u>60,279</u>	<u>(237,876)</u>
Other Financing Sources (Uses):					
Transfers in	403,020	403,020	404,808	1,788	373,979
Total Other Financing Sources	<u>403,020</u>	<u>403,020</u>	<u>404,808</u>	<u>1,788</u>	<u>373,979</u>
Net Change in Fund Balances	<u>30,000</u>	<u>(12,496)</u>	49,571	<u>62,067</u>	136,103
Fund Balances - Beginning			<u>249,747</u>		<u>113,644</u>
Fund Balances - Ending			<u>299,318</u>		<u>249,747</u>

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

City of Leadville, Colorado
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
Leadville Urban Renewal Authority
For the Year Ended December 31, 2021
(With Comparative Actual Amounts For the Year Ended 2020)

	<u>2021</u>			Final Budget Variance Positive (Negative)	<u>2020</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property tax	-	-	12,309	12,309	-
Contributions	-	-	116,141	116,141	-
Other income	-	-	19	19	-
Total Revenues	<u>-</u>	<u>-</u>	<u>128,469</u>	<u>128,469</u>	<u>-</u>
Expenditures:					
General Government:					
General operating	25,000	25,000	30,856	(5,856)	54,228
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>30,856</u>	<u>(5,856)</u>	<u>54,228</u>
Excess of Revenues Over Expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>97,613</u>	<u>134,325</u>	<u>(54,228)</u>
Other Financing (Uses)					
Capital outlay	-	-	(116,141)	(116,141)	-
Lease proceeds	-	-	-	-	-
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(116,141)</u>	<u>(116,141)</u>	<u>-</u>
Net Change in Fund Balances	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,528)</u>	<u>18,184</u>	<u>(54,228)</u>
Fund Balances - Beginning			<u>(233,365)</u>		<u>(179,137)</u>
Fund Balances - Ending			<u>(251,893)</u>		<u>(233,365)</u>

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

City of Leadville, Colorado
Schedule of the City's Proportionate Share of Net Pension (Asset) Liability
Statewide Defined Benefit Plans
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Cost Share Plan	Measurement period ending December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
Fire:								
City's portion of the net pension (asset) liability - Fire	0.081215%	0.085939%	0.081754%	0.098995%	0.100487%	0.087152%	0.092478%	0.086585%
City's proportionate share of the net pension (asset) liability - Fire	(176,317)	(48,603)	103,361	(142,419)	36,310	(1,536)	(82,692)	(77,664)
City's covered payroll - Fire	652,325	633,400	547,638	579,050	514,275	422,838	415,875	377,242
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll - Fire	-27.03%	-7.67%	18.87%	-24.60%	7.06%	-0.36%	-19.88%	-20.59%
Police:								
City's portion of the net pension (asset) liability - Police	0.047573%	0.045541%	0.045541%	0.045480%	0.058365%	0.053234%	0.063008%	0.067286%
City's proportionate share of the net pension (asset) liability - Police	(103,282)	(29,598)	57,578	(65,429)	21,090	(938)	(56,341)	(60,167)
City's covered payroll - Police	382,088	385,713	305,063	266,025	298,700	261,038	283,350	292,250
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll - Police	-27.03%	-7.67%	18.87%	-24.60%	7.06%	-0.36%	-19.88%	-20.59%
Plan fiduciary net position as a percentage of the total pension (asset) liability	95.20%	95.20%	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014 for the plan.

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

City of Leadville, Colorado
Schedule of City's Contributions
Statewide Defined Benefit Plans
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Cost Share Plan	Fiscal years ending December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Fire:								
Contractually required contribution	57,022	52,186	50,672	43,811	46,324	41,142	33,827	33,270
Contributions in relation to the contractually required contribution	<u>(57,022)</u>	<u>(52,186)</u>	<u>(50,672)</u>	<u>(43,811)</u>	<u>(46,324)</u>	<u>(41,142)</u>	<u>(33,827)</u>	<u>(33,270)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	670,835	652,325	633,400	547,638	579,050	514,275	422,838	415,875
Contributions as a percentage of covered payroll	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Police:								
Contractually required contribution	25,462	30,567	30,857	24,405	21,282	23,896	20,833	22,668
Contributions in relation to the contractually required contribution	<u>(25,462)</u>	<u>(30,567)</u>	<u>(30,857)</u>	<u>(24,405)</u>	<u>(21,282)</u>	<u>(23,896)</u>	<u>(20,833)</u>	<u>(22,668)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	299,553	382,088	385,713	305,063	266,025	298,700	261,038	283,350
Contributions as a percentage of covered payroll	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

* Information is only available beginning in fiscal year 2014.

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

City of Leadville, Colorado
Schedule of Changes in Net Pension (Asset) Liability
Fire "Old Hire" Plan
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Agent Plan	Measurement period ending December 31,						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	-	-	-	-	-	-	-
Interest on the Total Pension Liability	9,462	18,959	18,774	18,608	19,263	18,558	19,216
Benefit Changes	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	(81,121)	-	7,489	-	7,112	-
Assumption Changes	-	41,007	-	-	-	11,711	-
Benefit Payments	(29,988)	(12,860)	(19,631)	(27,990)	(27,990)	(27,990)	(27,990)
Net Change in Total Pension Liability	(20,526)	(34,015)	(857)	(1,893)	(8,727)	9,391	(8,774)
Total Pension Liability - Beginning	225,085	259,100	259,957	261,850	270,577	261,186	269,960
Total Pension Liability - Ending (a)	204,559	225,085	259,100	259,957	261,850	270,577	261,186
Plan Fiduciary Net Position							
City Contributions	15,582	15,624	15,624	15,624	9,793	9,793	8,461
Pension Plan Net Investment Income	9,765	14,786	119	17,046	7,024	2,716	10,756
Benefit Payments	(29,988)	(12,860)	(19,631)	(27,990)	(27,990)	(27,990)	(27,990)
Pension Plan Administrative Expense	(2,723)	(1,377)	(3,401)	(1,065)	(2,088)	(581)	(5,881)
Net Change in Plan Fiduciary Net Position	(7,364)	16,173	(7,289)	3,615	(13,261)	(16,062)	(14,654)
Plan Fiduciary Net Position - Beginning	142,049	125,876	133,165	129,550	142,811	158,873	173,527
Plan Fiduciary Net Position - Ending (b)	134,685	142,049	125,876	133,165	129,550	142,811	158,873
Net Pension (Asset) Liability - Ending (a) - (b)	69,874	83,036	133,224	126,792	132,300	127,766	102,313
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	65.84%	63.11%	48.58%	51.23%	49.47%	52.78%	60.83%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension (Asset) Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Information is only available beginning in fiscal year 2014.

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

City of Leadville, Colorado
Schedule of City Contributions
Fire "Old Hire" Plan
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Agent Plan	Fiscal years ending December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	15,582	15,624	15,624	15,624	15,624	9,793	9,793	8,461
Actual contribution	(15,582)	(15,624)	(15,624)	(15,624)	(15,624)	(9,793)	(9,793)	(8,461)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
City's covered payroll	N/A	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	N/A

* Information is only available beginning in fiscal year 2014.

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

City of Leadville, Colorado
Notes to the Required Supplementary Information
December 31, 2021

I. Notes to the Schedule of the City's Proportionate Share of the Net Pension (Asset) Liability – Statewide Defined Benefit Plans

A. Changes to assumptions or other inputs

1. Changes Since the January 1, 2018 Actuarial Valuation

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

2. Changes Since the January 1, 2017 Actuarial Valuation

- No changes.

3. Changes Since the January 1, 2016 Actuarial Valuation

- No changes.

4. 2016 Changes Since the January 1, 2015 Actuarial Valuation are as Follows:

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

5. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

City of Leadville, Colorado
Notes to the Required Supplementary Information
December 31, 2021
(Continued)

II. Notes to the Schedule of City's Contributions – Statewide Defined Benefit Plans

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

III. Notes to the Schedule of Changes in Net Pension (Asset) Liability – Fire “Old Hire” Plan

A. Changes to assumptions

1. Changes Since the January 1, 2020 Actuarial Valuation are as Follows:

The investment rate of return changed to 4.5%.

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

Disabled (pre-1980) mortality assumptions: Post-retirement rates set forward three years.

2. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

The inflation assumption was reduced from 3.0% to 2.5%.

Post-retirement mortality assumptions: For ages less than 55, RP- 2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitant. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Disabled (pre-1930) mortality assumptions: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

City of Leadville, Colorado
Notes to the Required Supplementary Information
December 31, 2021
(Continued)

IV. Notes to the Schedule of City Contributions – Fire “Old Hire” Plan

A. Changes to assumptions

1. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

The asset method valuation approximates smoothing over a five-year period by recognizing 20% of the difference between the projected actuarial value and the market value at the valuation date. The remaining amortization period is 17 years.

Disabled (pre-1980) mortality assumptions: RP-2000 Disabled Mortality Table generationally projected with Scale AA.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

SUPPLEMENTARY INFORMATION



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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Leadville
	YEAR ENDING : December 2021

This Information From The Records Of (example - City of _ or County of) Prepared By: _____
Phone: _____

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)	142,620
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	489,433
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	709,788	b. Snow and ice removal	326,288
3. Other local imposts (from page 2)	414,885	c. Other	
4. Miscellaneous local receipts (from page 2)	6,205	d. Total (a. through c.)	326,288
5. Transfers from toll facilities		4. General administration & miscellaneous	16,452
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	319,391
a. Bonds - Original Issues		6. Total (1 through 5)	1,294,184
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)	1,130,878	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	163,306	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,294,184	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)	1,294,184

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
		1,294,184	1,294,184		(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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	6,205
1. Sales Taxes	350,466	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	64,419	g. Other Misc. Receipts	
6. Total (1. through 5.)	414,885	h. Other	
c. Total (a. + b.)	414,885	i. Total (a. through h.)	6,205
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	130,643	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	14,663	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) State Hwy Maint	18,000	f. Other Federal	
f. Total (a. through e.)	32,663	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	163,306	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		142,620	142,620
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	142,620
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	142,620
			(Carry forward to page 1)
Notes and Comments:			