

City of Manitou Springs, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2021



City of Manitou Springs, Colorado

Table of Contents
December 31, 2021

Independent Auditor's Report	1
Management's Discussion and Analysis	i
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	4
Statement of Activities	5
<i>Governmental Funds</i>	
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9
<i>Proprietary Fund</i>	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows.....	12
<i>Agency Fund</i>	
Statement of Fiduciary Net Position	13
<i>Notes to Financial Statements</i>	14
Required Supplementary Information	
<i>Budgetary Comparison Schedules</i>	
General Fund.....	63
Capital Improvements Fund.....	65
<i>Schedule of Proportionate Share of the Net Pension Liability and Contributions</i>	
Public Employee's Retirement Association of Colorado Local Government Division Trust Fund	66
Police Officers Statewide Defined Benefit Pension Plan (FPPA)	68
Firefighters Statewide Defined Benefit Pension Plan (FPPA)	70
<i>Schedule of Changes in Net Pension Liabilities and Related Ratios</i>	
Old Hire Fire Pension Plan (FPPA)	72
Volunteer Firefighters Pension Plan (FPPA)	74
<i>Schedule of City Contributions</i>	
Old Hire Fire Pension Plan (FPPA)	76
Volunteer Firefighters Pension Plan (FPPA)	77
<i>Notes to Required Supplementary Information</i>	78

City of Manitou Springs, Colorado

Table of Contents
December 31, 2021
(Continued)

Supplementary Information

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	81

Budgetary Comparison Schedules

Open Space Fund.....	82
Conservation Trust Fund	83
Law Enforcement Fund.....	84
Mach Enforcement Fund	85
El Paso/Beckers Park Fund.....	86
Rural Transportation Authority Fund.....	87

Enterprise Fund

Storm Drainage Fund	88
Water Fund	89
Sewer Fund	90

Agency Fund

Changes in Fiduciary Net Position.....	91
--	----

Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	92
---	----

Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	94
--	----

Schedule of Findings and Questioned Costs.....	98
Schedule of Prior Audit Findings	100
Schedule of Expenditures of Federal Awards.....	101

<i>Notes to Schedule of Expenditures of Federal Awards</i>	102
--	-----

State Compliance

Local Highway Finance Report	103
------------------------------------	-----



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Manitou Springs, Colorado
Manitou Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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.

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

Required Supplementary Information

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



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the local highway finance report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
July 29, 2022



City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

As management of the City of Manitou Springs (the "City"), we offer readers of the City's Basic Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our basic financial statements.

Introduction

The City of Manitou Springs is a Home Rule City that was incorporated in 1876. The government structure is City Council/Mayor with the seven elected officials being responsible for all policy decisions that affect the City's financial condition. The appointed City Administrator is responsible for preparing the annual budget, which is adopted and generally amended by the City Council as needed with a final amendment by December 15th. The City Administrator is responsible for financial reporting to the City Council and the public-at-large.

Financial Information

The City's government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The City's financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The City's annual audit is performed by an accounting firm (Hinkle & Company, PC, Certified Public Accountants) with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the City incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the City Council approves all changes at the fund level by passage of an Ordinance amending the budget.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,051,586 (net position) for the primary reporting entity. Of this amount \$9,135,028 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,087,061 during the fiscal year.
- As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$9,801,021.
- The *governmental funds* reported total unrestricted/unassigned fund balances of \$5,898,174.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

- The combined governmental funds remained in a positive financial condition. Based on current year expenditures, excluding the transfers out for debt service payments and capital expenditures made by other funds, the General Fund fund balance would allow the City to cover its governmental operating costs for 162 days, or approximately five and a half months.
- The City's total debt, including accrued compensated absences, decreased by \$419,960 during the current fiscal year. Existing debt was reduced by principal payments (not including compensated absences) totaling \$703,868.
- General Fund sales/use tax revenue in 2021, \$8,932,046 increased by 23.61% or \$1,705,979, from 2020 sales/use tax revenue of \$7,226,067.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two 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., uncollected taxes and earned but unused vacation leave).

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the following governmental funds: General Fund, Conservation Trust Fund, Rural Transportation Authority Fund, Law Enforcement Fund, El Paso/Beckers Park Fund, Open Space Fund, Downtown Improvement Fund, Capital Improvements Fund and our newest fund, the MACH Fund. The business-related activities of the City include Water, Sewer, and Storm Drainage utilities. In addition to the governmental and business-related activities, which are the primary government, the financial statements include the discrete presentation of a component unit of the City. The Manitou Springs Urban Renewal Authority, "URA", was created to reduce, eliminate, and prevent the spread of blight and to stimulate growth and investment within the area to the east of Highway 24.

It is fiscally dependent upon the City due to its revenues being provided by tax-increment financing through property and sales taxes. On a yearly basis, City Council may allocate municipal sales tax increments to the URA when it submits a financing plan to council. Tax-increment financing is also considered evidence of financial burden (commitment of the primary government's taxing power).

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 the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow 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 government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvements Fund, and the nonmajor funds. Individual fund data for nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and storm drainage activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City uses a fiduciary fund to account for the Manitou Springs Metropolitan District.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

Combining individual fund financial statements and schedules are presented immediately following the required supplementary information for additional financial analysis.

Government-wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,051,586 at the close of the fiscal year.
- The City's net investment in capital assets is \$34,351,362. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The balance of *unrestricted net position* \$9,135,028 may be used to meet the governments ongoing obligations to citizens and creditors.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

- At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF MANITOU SPRINGS NET POSITION

Governmental activities: Governmental activities increased the City's net position by \$5,209,043. In 2021, sales tax/use revenues, \$10,413,713 comprised approximately 82.75% of all governmental activities' revenues and transfers. This is an increase in percentage of 6.42% over 2020, which was 76.33% of all governmental revenues and transfers. The increase is due to a stronger tourist season in 2021 over 2020 which was down due to the COVID19 pandemic.

Business-Type activities: Business-type activities decreased the City's net position by \$121,982. The Water Fund had an increase in net position of \$350,715. The Sewer Fund a loss of \$2,875 and the Storm Drainage fund of \$469,822. The Water and Sewer Funds have been increasing charges for services every year due to a Water/Sewer Rate study performed in 2019. This study provided the basis for Ordinance 1719 which established a six-year schedule of percentage increases to the water and sewer rates to ensure positive net positions. The losses in net position are due to depreciation. Operation costs are well below revenues. Storm Drainage's larger decrease is due to operation costs being very close to charges for Services. The depreciation of \$408,055 and writing off of Accounts Receivable of \$74,890 for a grant that the City is not pursuing due to the prohibitive cost of the actual project versus the grant revenue lead to the larger decrease.

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2021

CITY OF MANITOU SPRINGS NET POSITION (Continued)

	Governmental Activities		Business-type Activities		Totals	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$10,034,641	\$12,658,760	\$5,886,502	\$5,525,154	\$15,921,143	\$18,183,914
Non-current assets	17,160,870	20,352,133	18,393,117	19,020,617	35,553,987	39,372,750
Total assets	27,195,511	33,010,893	24,279,619	24,545,771	51,475,130	57,556,664
Deferred Outflows of Resources	1,144,928	1,274,672	70,363	139,133	1,215,291	1,413,805
Total current liabilities	810,992	1,799,630	274,450	969,214	1,085,442	2,768,844
Total non-current liabilities	5,223,601	3,950,146	4,400,260	3,993,868	9,623,861	7,944,014
Total Liabilities	6,034,593	5,749,776	4,674,710	4,963,082	10,709,303	10,712,858
Deferred Inflows of Resources	1,816,537	2,837,437	200,056	368,588	2,016,593	3,206,025
Net Position:						
Net Investment in Capital Assets	15,368,382	18,744,249	14,719,470	15,607,113	30,087,852	34,351,362
Restricted	1,214,292	1,565,196	-	-	1,214,292	1,565,196
Unrestricted	3,906,635	5,388,907	4,755,746	3,746,121	8,662,381	9,135,028
Total net position	\$20,489,309	\$25,698,352	\$19,475,216	\$19,353,234	\$39,964,525	\$45,051,586

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2021

CHANGES IN NET POSITION

Revenues:	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Program Revenues:						
Charges for Services	\$1,128,241	\$1,974,522	\$3,185,785	\$3,345,686	\$4,314,026	\$5,320,208
Operating Grants and Contributions	1,898,139	4,913,727	-	11	1,898,139	4,913,738
Capital Grants and Contributions			233,124	58,173	233,124	58,173
General Revenues						
Taxes	9,545,270	13,225,495	-	-	9,545,270	13,225,495
Investment Income	38,440	2,395	12,172	1,816	50,612	4,211
Other	158,854	260,167	5,456	(54,389)	164,310	205,778
Total General & Program Revenues	12,768,944	20,376,306	3,436,537	3,351,297	16,205,481	23,727,603
Transfers	183,482	(902,875)	(183,482)	(183,857)		(1,086,732)
Total Revenues	12,952,426	19,473,431	3,253,055	3,167,443	16,205,481	22,640,871
Expenses:						
General Government	1,932,021	2,240,189	-	-	1,932,021	2,240,189
Public Safety	3,530,812	3,066,580	-	-	3,530,812	3,066,580
Public Works	1,631,740	1,265,639	-	-	1,631,740	1,265,639
Parks & Recreation	864,029	2,610,607	-	-	864,029	2,610,607
Capital Outlay	1,298,153	5,025,475			1,298,153	5,025,475
Interest on Long term Debt	75,123	55,898			75,123	55,898
Business-type Activities	-	-	2,943,560	3,289,422	2,943,560	3,289,422
Total Expenses	9,331,878	14,264,388	2,943,560	3,289,422	12,275,438	17,553,810
Increase (Decrease) in Net Position	3,620,548	5,209,043	309,495	(121,982)	3,930,043	5,087,061
Beginning Net Position	16,868,761	20,489,309	19,165,721	19,475,216	36,034,482	39,964,525
Ending Net Position	\$20,489,309	\$25,698,352	\$19,475,216	\$19,353,234	\$39,964,525	\$45,051,586

The City's total net position increased by \$5,087,061 during the current fiscal year.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

Financial Analysis of the City's Funds

Governmental funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,801,021. Of this total amount, 60.18% or \$5,898,174 constitutes *unrestricted/unassigned fund balance*. The remainder of fund balance is *restricted, committed or assigned* to indicate that it is not available for new spending.

General Fund total revenues exceeded expenditures by \$1,990,482. Transfers out totaled \$1,360,664. The net fund balance increased by \$752,785. The General Fund finished 2021 with an ending fund balance of \$6,056,470 this includes restricted, committed, assigned as well as unassigned fund balances. Sales tax increased by \$1,749,614 from 2020. This increase is due to the return of tourists to the City after the COVID-19 pandemic in 2020, which kept people at home.

The Capital Improvements Fund funded a lease purchase in 2021, with an interest rate of 1.37%, in the amount of \$231,700 for two police vehicles, four police handheld radios and two F250 trucks for Public Works. A transfer from the General Fund in the amount of \$529,000 funded the lease purchases' principal and interest payments which totaled \$412,796. Capital & Infrastructure expenditures were funded by East End generated sales tax, which City Council normally gives to the City's URA for Tax Incremental Financing (TIF). In 2018, the URA did not take its sales tax TIF and City Council committed it to being used for Capital Improvements and Infrastructure needs. This agreement lasted through June of 2019. In 2021, \$831,664 in additional East End taxes were transferred from the General Fund to the Capital Improvements Fund. This amount was half of the 2020 East End sales tax that the City had retained due to the uncertainty of the impact on revenues from the pandemic. The other half was paid to the URA in 2021. Also, a multi-year improvement project on the West End of Manitou Ave from Park Ave to Serpentine Dr., being funded by a Pikes Peak Area Council of Governments (PPCOG) grant through the Colorado Department of Transportation (CDOT), provided an inflow of cash of \$2,226,323 for construction costs. The City's match is from the PPRTA fund. Other grants include a state grant, \$28,992, for a master plan for parks & facilities, a Great Outdoors Colorado (GOCO) grant, \$273,815, for Soda Springs Park Phase 1, a Community Development Block Grant (CDBG), \$131,589 for sidewalk improvements on Canon and Park Avenues, and a Pikes Peak Council of Governments (PPCOG) grant, \$213,293, for Ruxton Avenue improvements design.

Enterprise Funds

The Storm Drainage Fund's regular operations are funded through a \$15 fee applied to all utility bills. The fund had an overall decrease in net position of \$469,822. This is due to depreciation in the amount of \$408,055 and the write-off of Accounts Receivable for a grant that the City will not be pursuing due to the cost of the project versus the amount of revenue from the grant.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2021

The Water Fund serves approximately 2,200 users with a distribution system including a reservoir, freshwater treatment plant and two storage tanks. The distribution system delivered an average of 429,861 gallons of fresh water per day in 2021. The Fund had an overall gain in net position of \$350,715. The City has implemented a multi-year rate increase to gradually bring water and sewer rates up to cover the increased costs of repairing and replacing aging infrastructure.

The Sewer Enterprise Fund serves the same approximate 2,200 utility users, as the water distribution system. The City of Manitou Springs does not have a sewage treatment capability and relies on the neighboring City of Colorado Springs for wastewater treatment at their facility. Sewer rates for residential, are determined by water usage per customer during the months of January and February of each year. For commercial users (all sewer accounts other than single family dwelling units) the rate is determined by the monthly water usage. The Sewer Fund had an overall decrease of \$2,875.

General Fund Budgetary Highlights

As a matter of policy, the City amends its budget twice during each year: once at mid-year and again a final amendment at the end of its fiscal year in December. The City believes that this amendment practice gives the City tight control over expenditures related to revenue performance in a timelier manner.

Actual General Fund revenues were greater than the amended budget by \$1,247,196, this is attributed to the people being able to travel again after the extreme reduction in travel during the COVID-19 pandemic in 2020. Actual General Fund expenditures were less than the amended budgeted amount by \$186,591, this is attributed to salary savings and department heads maintaining type control of expenditures.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, was \$39,372,750 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery, equipment, and vehicles. Major additions to capital assets in 2021 included improvements to Soda Springs Park, a labyrinth installation at Wheeler Park, the tree couple sculpture on Canon Ave, improvements to the pool including replacing the kiddie pool heater, wayfaring signs, electronic parking signs, a Polaris for parking staff, a drone, two e-bikes, and a pumper truck with equipment for the fire department, a police vehicle, the police evidence room remodel, the public works building remodel, Canon Ave and Park Ave ADA sidewalk improvements, completion of the Clarksley/Mountain View Road water/sewer lines replacement project, and the micro-hydropower plant at the water treatment plant.

City of Manitou Springs, Colorado
 Management's Discussion and Analysis
 December 31, 2021

Capital assets at the end of the current fiscal year included the following:

CAPITAL ASSETS

	Governmental Activities	Business-type Activities	Total
Land and Land Improvements	\$ 11,530,536	\$ 156,991	\$11,687,527
Construction in Progress	3,679,971	-	3,679,971
Buildings	2,263,793		2,263,793
Equipment and Vehicles	6,148,701	-	6,148,701
Collection and Distribution Improvements	-	32,066,991	32,066,991
Machinery and Equipment	-	3,545,009	3,545,009
Infrastructure	12,207,607	-	12,207,607
Total	35,830,608	35,768,991	71,599,599
Accumulated Depreciation	(15,478,475)	(16,748,374)	(32,226,849)
Net Capital Assets	\$ 20,352,133	\$ 19,020,617	\$ 39,372,750

Additional information on the City's capital assets can be found in Note 3.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$5,021,388 (net of compensated absences). Of this amount, \$1,318,946 is from ARRA non-interest-bearing loans from 2009, For 2020, \$1,349,513 in interest bearing, at 2.5%, loans from the Environmental Protection Agency (EPA), and \$341,871 is a state loan for a small hydropower plant, all are administered through the Colorado Water Resource & Power Development Authority (CWRPDA), for water/sewer improvements.

In addition to the loans, the City has \$230,092 in lease purchases for various equipment and vehicles obtained in previous years, from 2013 through 2021. \$77,015 will be due in 2022.

Additional information on the City's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budget

As a tourism-based economy, general sales tax collection has been considered a leading barometer of economic activity within the City of Manitou Springs. The City of Manitou Springs is not a self-collecting entity but relies upon the Colorado Department of Revenue for the collection of the City's sales taxes. This reliance results in a two-month lag between a taxable sale and the remittance of the corresponding sales tax to the City. Additionally, the City's prime industry is tourism with seasonal characteristics.

Taxable sales in 2021 increased in comparison to those in 2020 by 32.16%.

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2021

Since 2019, taxable sales have performed as follows. Please note, the methodology for determining sales has changed since the audit performed for the year 2020 and the years 2019 & 2020 have been restated.:

FY2019	\$114,408,398
FY2020	\$120,698,778
FY2021	\$159,512,039

All of the above facts were considered during the preparing of the City's budget for the 2022 fiscal year.

Requests 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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Office
City of Manitou Springs
606 Manitou Avenue
Manitou Springs, CO 80829

Basic Financial Statements

City of Manitou Springs, Colorado
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Manitou Springs Urban Renewal Authority
Assets				
Cash and Investments	\$ 8,266,097	\$ 4,278,027	\$ 12,544,124	\$ 2,332,858
Restricted Cash	134,672	142,691	277,363	-
Accounts Receivable	1,358,887	868,461	2,227,348	471,451
Property Taxes Receivable	1,058,109	-	1,058,109	114,341
Grants Receivable	-	235,975	235,975	-
Due from Other Governments	1,840,995	-	1,840,995	-
Capital Assets,				
Not being depreciated	10,722,802	-	10,722,802	-
Net of accumulated depreciation	9,629,331	19,020,617	28,649,948	-
Total Assets	33,010,893	24,545,771	57,556,664	2,918,650
Deferred Outflows of Resources				
Pension Related Outflows of Resources	1,223,387	125,500	1,348,887	-
OPEB Related Outflows of Resources	51,285	13,633	64,918	-
Total Deferred Outflows of Resources	1,274,672	139,133	1,413,805	-
Liabilities				
Accounts Payable	1,518,428	242,644	1,761,072	8,549
Accrued Liabilities	281,202	33,747	314,949	-
Accrued Interest	-	15,435	15,435	-
Deferred Revenue	-	677,388	677,388	-
Noncurrent Liabilities				
Due Within One Year	524,067	383,336	907,403	-
Due in More Than One Year	1,218,792	3,057,148	4,275,940	-
Net Pension Liability	1,963,942	477,767	2,441,709	-
Net OPEB Liability	243,345	75,617	318,962	-
Total Liabilities	5,749,776	4,963,082	10,712,858	8,549
Deferred Inflows of Resources				
Property Taxes	1,058,109	-	1,058,109	114,341
Pensions, Net of Accumulated Amortization	1,709,017	349,898	2,058,915	-
OPEB, Net of Accumulated Amortization	70,311	18,690	89,001	-
Total Deferred Inflows of Resources	2,837,437	368,588	3,206,025	114,341
Net Position				
Net Investment in Capital Assets	18,744,249	15,607,113	34,351,362	-
Restricted				
Capital Projects	134,672	-	134,672	-
Parks and Open Space	1,429,302	-	1,429,302	-
Emergencies	-	-	-	2,737
Law Enforcement	1,222	-	1,222	-
Unrestricted	5,388,907	3,746,121	9,135,028	2,793,023
Total Net Position	\$ 25,698,352	\$ 19,353,234	\$ 45,051,586	\$ 2,795,760

See Notes to the Financial Statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Manitou Springs Urban Renewal Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 2,240,189	\$ 1,249,370	\$ 368,458	\$ -	\$ (622,361)	\$ -	\$ (622,361)	\$ -
Public Safety	3,066,580	341,585	42,705	-	(2,682,290)	-	(2,682,290)	-
Public Works	1,265,639	54,000	3,065,792	-	1,854,153	-	1,854,153	-
Parks and Recreation	2,610,607	329,567	147,577	-	(2,133,463)	-	(2,133,463)	-
Capital Outlay	5,025,475	-	1,289,195	-	(3,736,280)	-	(3,736,280)	-
Interest on Long-Term Debt	55,898	-	-	-	(55,898)	-	(55,898)	-
Total Governmental Activities	<u>14,264,388</u>	<u>1,974,522</u>	<u>4,913,727</u>	<u>-</u>	<u>(7,376,139)</u>	<u>-</u>	<u>(7,376,139)</u>	<u>-</u>
Business-Type Activities								
Storm Drainage	789,155	388,402	11	-	-	(400,742)	(400,742)	-
Water	1,256,085	1,676,911	-	44,698	-	465,524	465,524	-
Sewer	1,244,182	1,280,373	-	13,475	-	49,666	49,666	-
Total Business-Type Activities	<u>3,289,422</u>	<u>3,345,686</u>	<u>11</u>	<u>58,173</u>	<u>-</u>	<u>114,448</u>	<u>114,448</u>	<u>-</u>
Total Primary Government	<u>\$ 17,553,810</u>	<u>\$ 5,320,208</u>	<u>\$ 4,913,738</u>	<u>\$ 58,173</u>	<u>(7,376,139)</u>	<u>114,448</u>	<u>(7,261,691)</u>	<u>-</u>
Component Unit								
Manitou Urban Renewal Authority	<u>2,694,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,694,298)</u>
General Revenues								
Property Taxes					1,021,827	-	1,021,827	106,725
Sales and Use Taxes					10,413,713	-	10,413,713	2,747,044
Amusement and Lodging					985,977	-	985,977	-
Franchise Fees					359,951	-	359,951	-
Auto Taxes					444,027	-	444,027	-
Fines and Forfeitures					114,492	-	114,492	-
Miscellaneous					54,665	(66,612)	(11,947)	-
Investment Income					2,395	1,816	4,211	259
Gain on Sale of Assets					91,010	12,223	103,233	-
Transfers					<u>(902,875)</u>	<u>(183,857)</u>	<u>(1,086,732)</u>	<u>-</u>
Total General Revenues and Transfers					<u>12,585,182</u>	<u>(236,430)</u>	<u>12,348,752</u>	<u>2,854,028</u>
Change in Net Position					5,209,043	(121,982)	5,087,061	159,730
NET POSITION, Beginning of year					<u>20,489,309</u>	<u>19,475,216</u>	<u>39,964,525</u>	<u>2,636,030</u>
NET POSITION, End of year					<u>\$ 25,698,352</u>	<u>\$ 19,353,234</u>	<u>\$ 45,051,586</u>	<u>\$ 2,795,760</u>

See Notes to the Financial Statements.

City of Manitou Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	General	Capital Improvements Fund	Other Governmental Funds	Total
Assets				
Cash and Investments	\$ 6,054,359	\$ 1,203,008	\$ 1,008,730	\$ 8,266,097
Restricted Cash and Investments	-	134,672	-	134,672
Property Taxes Receivable	866,333	45,258	146,518	1,058,109
Accounts Receivable	213,434	1,145,453	-	1,358,887
Grants Receivable	-	-	-	-
Due From Other Governments	1,130,572	-	710,423	1,840,995
Total Assets	\$ 8,264,698	\$ 2,528,391	\$ 1,865,671	\$ 12,658,760
Liabilities				
Accounts Payable	\$ 1,060,693	\$ 311,256	\$ 146,479	\$ 1,518,428
Accrued Liabilities	281,202	-	-	281,202
Total Liabilities	1,341,895	311,256	146,479	1,799,630
Deferred Inflows of Resources				
Property Taxes	866,333	45,258	146,518	1,058,109
Fund Balance				
Restricted				
Capital Projects	-	134,672	-	134,672
Parks and Open Space	-	-	1,429,302	1,429,302
Law Enforcement	-	-	1,222	1,222
Committed				
Imaging Technology	6,406	-	-	6,406
Capital Projects	-	50,000	-	50,000
Assigned				
Barr Trail Maintenance	221,415	-	-	221,415
Capital Projects	276,658	1,596,715	142,150	2,015,523
Parks and Trails	32,759	-	-	32,759
Police and Fire	11,548	-	-	11,548
Unrestricted, Unassigned	5,507,684	390,490	-	5,898,174
Total Fund Balance	6,056,470	2,171,877	1,572,674	9,801,021
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,264,698	\$ 2,528,391	\$ 1,865,671	\$ 12,658,760

City of Manitou Springs, Colorado
 Reconciliation of Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 For the Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Funds	\$ 9,801,021
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	10,722,802
Capital assets, being depreciated	25,107,806
Accumulated depreciation	<u>(15,478,475)</u>
	20,352,133
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
Net Pension Liability	(1,963,942)
Pension related deferred outflows of resources	1,223,387
Pension related deferred inflows of resources	(1,709,017)
Net OPEB liability	(243,345)
OPEB related deferred outflows of resources	51,285
OPEB related deferred inflows of resources	<u>(70,311)</u>
	(2,711,943)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Capital leases payable	(1,607,884)
Accrued compensated absences	<u>(134,975)</u>
	<u>(1,742,859)</u>
Total Net Position of Governmental Activities	<u>\$ 25,698,352</u>

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

	General	Capital Improvements Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 11,579,050	\$ 870,534	\$ 775,911	\$ 13,225,495
Licenses and Permits	157,866	-	-	157,866
Charges for Services	1,816,656	-	-	1,816,656
Intergovernmental	621,663	2,926,468	1,354,216	4,902,347
Fines and Forfeitures	101,167	-	13,325	114,492
Contributions and Donations	11,380	-	-	11,380
Investment Income	2,142	8	245	2,395
Miscellaneous	50,718	-	3,947	54,665
Total Revenues	<u>14,340,642</u>	<u>3,797,010</u>	<u>2,147,644</u>	<u>20,285,296</u>
Expenditures				
Current				
General Government	5,856,190	-	-	5,856,190
Public Safety	3,066,580	-	-	3,066,580
Public Works	1,193,217	-	21,951	1,215,168
Parks and Recreation	2,234,173	-	376,434	2,610,607
Capital Outlay	-	3,705,653	1,319,822	5,025,475
Debt Service				
Principal	-	363,917	52,446	416,363
Interest and Fiscal Charges	-	48,879	6,960	55,839
Total Expenditures	<u>12,350,160</u>	<u>4,118,449</u>	<u>1,777,613</u>	<u>18,246,222</u>
Excess Revenues Over (Under) Expenditures	<u>1,990,482</u>	<u>(321,439)</u>	<u>370,031</u>	<u>2,039,074</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	122,967	-	-	122,967
Debt Proceeds	-	231,700	-	231,700
Transfers In	-	529,000	-	529,000
Transfers Out	(1,360,664)	-	(71,211)	(1,431,875)
Other Financing Sources (Uses)	<u>(1,237,697)</u>	<u>760,700</u>	<u>(71,211)</u>	<u>(548,208)</u>
Net Change in Fund Balance	752,785	439,261	298,820	1,490,866
Fund Balance, Beginning of year	<u>5,303,685</u>	<u>1,732,616</u>	<u>1,273,854</u>	<u>8,310,155</u>
Fund Balance, End of year	<u>\$ 6,056,470</u>	<u>\$ 2,171,877</u>	<u>\$ 1,572,674</u>	<u>\$ 9,801,021</u>

City of Manitou Springs, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds \$ 1,490,866

Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlays	4,072,372
Depreciation Expense	(849,152)
Disposals, net of accumulated depreciation	<u>(31,957)</u>
	<u>3,191,263</u>

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

Change in Net Pension Liability	1,024,577
Change in Deferred Outflows Related to Pensions	89,170
Change in Deferred Inflows Related to Pensions	(821,193)
Change in Net OPEB Liability	44,502
Change in Deferred Outflows Related to OPEB	720
Change in Deferred Inflows Related to OPEB	<u>(12,523)</u>
	<u>325,253</u>

Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.

Principal payments on capital leases	416,363
Issuance of capital leases	(231,759)
Change in accrued compensated absences	<u>27,415</u>

Change in Net Position of Governmental Activities \$ 5,219,401

City of Manitou Springs, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2021

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Assets				
<i>Current Assets</i>				
Cash and Investments	\$ 818,275	\$ 1,519,654	\$ 1,940,098	\$ 4,278,027
Restricted Cash and investments	43,002	53,140	46,549	142,691
Accounts Receivable	32,650	626,043	209,768	868,461
Grants Receivable	235,975	-	-	235,975
Total Current Assets	<u>1,129,902</u>	<u>2,198,837</u>	<u>2,196,415</u>	<u>5,525,154</u>
<i>Noncurrent Assets</i>				
Capital Assets, Net of accumulated depreciation	7,937,506	8,852,768	2,230,343	19,020,617
Total Noncurrent Assets	<u>7,937,506</u>	<u>8,852,768</u>	<u>2,230,343</u>	<u>19,020,617</u>
Total Assets	<u>9,067,408</u>	<u>11,051,605</u>	<u>4,426,758</u>	<u>24,545,771</u>
Deferred Outflows of Resources				
Pension Related Outflows of Resources	35,857	59,762	29,881	125,500
OPEB Related Outflows of Resources	3,895	6,492	3,246	13,633
Total Deferred Outflows of Resources	<u>39,752</u>	<u>66,254</u>	<u>33,127</u>	<u>139,133</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	1,624	114,105	126,915	242,644
Accrued Liabilities	9,332	17,499	6,916	33,747
Accrued Compensated Absences	2,743	20,166	4,071	26,980
Accrued Interest Payable	819	11,134	3,482	15,435
Deferred Revenue	-	677,388	-	677,388
Leases Payable, Current Portion	23,554	23,315	56,897	103,766
Loans Payable, Current Portion	-	252,590	-	252,590
Total Current Liabilities	<u>38,072</u>	<u>1,116,197</u>	<u>198,281</u>	<u>1,352,550</u>
<i>Noncurrent Liabilities</i>				
Leases Payable	62,251	55,753	35,077	153,081
Loans Payable	-	2,353,848	550,219	2,904,067
Net Pension Liability	136,505	227,508	113,754	477,767
Net OPEB Liability	18,482	45,377	11,758	75,617
Total Noncurrent Liabilities	<u>217,238</u>	<u>2,682,486</u>	<u>710,808</u>	<u>3,610,532</u>
Total Liabilities	<u>255,310</u>	<u>3,798,683</u>	<u>909,089</u>	<u>4,963,082</u>
Deferred Inflows of Financial Resources				
Pensions, Net of Accumulated Amortization	99,971	166,618	83,309	349,898
OPEB, Net of Accumulated Amortization	5,340	8,900	4,450	18,690
Total Deferred Inflows of Resources	<u>105,311</u>	<u>175,518</u>	<u>87,759</u>	<u>368,588</u>
Net Position				
Net Investment in Capital Assets	7,851,701	6,167,262	1,588,150	15,607,113
Unrestricted	894,838	976,396	1,874,887	3,746,121
Total Net Position	<u>\$ 8,746,539</u>	<u>\$ 7,143,658</u>	<u>\$ 3,463,037</u>	<u>\$ 19,353,234</u>

See Notes to the Financial Statements.

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

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Operating Revenues				
Charges for Services	\$ 388,402	\$ 1,676,911	\$ 1,280,373	\$ 3,345,686
Miscellaneous	(74,890)	7,720	558	(66,612)
Total Operating Revenues	<u>313,512</u>	<u>1,684,631</u>	<u>1,280,931</u>	<u>3,279,074</u>
Operating Expenses				
Operations	379,466	733,181	1,037,428	2,150,075
Depreciation	408,055	495,327	195,767	1,099,149
Total Operating Expenses	<u>787,521</u>	<u>1,228,508</u>	<u>1,233,195</u>	<u>3,249,224</u>
Net Operating Income	<u>(474,009)</u>	<u>456,123</u>	<u>47,736</u>	<u>29,850</u>
Nonoperating Revenues				
Investment Income	289	653	874	1,816
Gain (Loss) on Sale of Capital Assets	5,521	3,962	2,740	12,223
Interest (Expense)	(1,634)	(27,577)	(10,987)	(40,198)
Net Income (Loss) Before Contributed Capital	(469,833)	433,161	40,363	3,691
Contributed Capital				
Tap Fees	-	44,698	13,475	58,173
Capital Grants	11	-	-	11
Transfers Out	-	(127,144)	(56,713)	(183,857)
Total Capital Contributions and Transfers	<u>11</u>	<u>(82,446)</u>	<u>(43,238)</u>	<u>(125,673)</u>
Change in Net Position	(469,822)	350,715	(2,875)	(121,982)
Net Position, Beginning of year	<u>9,216,361</u>	<u>6,792,943</u>	<u>3,465,912</u>	<u>19,475,216</u>
Net Position, End of year	<u>\$ 8,746,539</u>	<u>\$ 7,143,658</u>	<u>\$ 3,463,037</u>	<u>\$ 19,353,234</u>

City of Manitou Springs, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2021

	Storm Drainage	Water	Sewer	Total
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 387,470	\$ 1,872,394	\$ 1,175,047	\$ 3,434,911
Cash Received from Others	(74,890)	7,720	558	(66,612)
Cash Paid to Suppliers	(243,844)	(331,113)	(839,898)	(1,414,855)
Cash Paid to Employees	(162,360)	(429,956)	(171,936)	(764,252)
Net Cash Provided by Operating Activities	<u>(93,624)</u>	<u>1,119,045</u>	<u>163,771</u>	<u>1,189,192</u>
Cash Flows From Capital and Related Financing Activities				
Tap fees received	-	44,698	13,475	58,173
Acquisition and Construction of Capital Assets	-	(1,125,471)	(622,920)	(1,748,391)
Proceeds from Disposal of Capital Assets	27,263	3,962	2,740	33,965
Issuance of Debt	43,000	43,000	-	86,000
Debt Principal Payments	(42,270)	(255,774)	(48,099)	(346,143)
Debt Interest Payments	(1,942)	(27,733)	(10,603)	(40,278)
Capital contributions - grants	103,141	-	-	103,141
Transfers to other funds	-	(127,144)	(56,713)	(183,857)
Net Cash Used by Capital and Related Financing Activities	<u>129,192</u>	<u>(1,444,462)</u>	<u>(722,120)</u>	<u>(2,037,390)</u>
Cash Flows From Investing Activities				
Interest received	<u>289</u>	<u>653</u>	<u>874</u>	<u>1,816</u>
Net Cash Used by Capital and Related Financing Activities	<u>289</u>	<u>653</u>	<u>874</u>	<u>1,816</u>
Net Change in Cash and Cash Equivalents	35,857	(324,764)	(557,475)	(846,382)
Cash and Cash Equivalents, Beginning of year	<u>825,420</u>	<u>1,897,558</u>	<u>2,544,122</u>	<u>5,267,100</u>
Cash and Cash Equivalents, End of year	<u>\$ 861,277</u>	<u>\$ 1,572,794</u>	<u>\$ 1,986,647</u>	<u>\$ 4,420,718</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ (474,009)	\$ 456,123	\$ 47,736	\$ 29,850
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	408,055	495,327	195,767	1,099,149
Changes in Assets and Liabilities Related to Operations				
Utility Receivable	(932)	(481,905)	(105,326)	(588,163)
Accounts Payable	(28,503)	(29,559)	27,758	(30,304)
Accrued Salaries and Benefits	4,648	2,863	210	7,721
Accrued Paid Time Off	(2,883)	(1,192)	(2,374)	(6,449)
Deferred Revenue	-	677,388	-	677,388
Net Cash Provided by Operating Activities	<u>\$ (93,624)</u>	<u>\$ 1,119,045</u>	<u>\$ 163,771</u>	<u>\$ 1,189,192</u>
Reconciliation of cash and equivalents to the statement of net position				
Cash and Investments	818,275	1,519,654	1,940,098	4,278,027
Restricted Cash	<u>43,002</u>	<u>53,140</u>	<u>46,549</u>	<u>142,691</u>
Total Cash and Equivalents	<u>861,277</u>	<u>1,572,794</u>	<u>1,986,647</u>	<u>4,420,718</u>

See Notes to the Financial Statements.

City of Manitou Springs, Colorado
Statement of Fiduciary Net Position
Agency Fund
For the Year Ended December 31, 2021

	Agency
Assets	
Cash and Investments	\$ 287,774
Property Taxes Receivable	4,456
Total Assets	\$ 292,230
Liabilities	
Accounts Payable	347
Due to Metropolitan District	\$ 287,464
Total Liabilities	287,811
Deferred Inflows of Resources	
Deferred Property Tax Revenues	4,419
Total Liabilities and Deferred Inflows	\$ 292,230

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies

The City of Manitou Springs, Colorado (the City) is a home-rule municipality governed by a council-manager form of government through a Mayor and six-member City Council elected by the residents.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the City includes the following entities in its reporting entity.

Manitou Springs Urban Renewal Authority

The Manitou Springs Urban Renewal Authority (the URA) was created to redevelop or rehabilitate certain blighted areas within City limits. The URA has a separate governing board with members appointed by the City Council. Although the URA is legally separate from the City, the URA's primary revenue source, tax increment financing, can only be established by the City. The URA does not issue separate financial statements and is discretely presented in the City's financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The *primary government* is reported separately from the legally separate *component unit* for which the City is financially accountable.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the City.

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

When both restricted and unrestricted resources are available for a specific use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, 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 accounted for in another fund.

The *Capital Improvements Fund* accounts for the .556 property tax mill levy used to fund capital projects and repayment of capital related debt of the City.

The City reports the following major proprietary funds:

The *Storm Drainage Fund* accounts for storm drainage fees used for the construction and maintenance of storm drainage facilities and the provision of ongoing storm water monitoring.

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

Additionally, the City reports the following fund type:

The *Manitou Springs Metropolitan District – Agency Fund* – The Manitou Springs Metropolitan District accounts for the collection of taxes and parking fees related to the District's parking facilities. The City is the collection agent and holds all resources in a purely custodial capacity.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Pooled cash and investments are considered cash equivalents. Investments are reported at fair value.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include land, buildings, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	15 – 25 years
Buildings and Improvements	20 – 40 years
Infrastructure	25 – 55 years
Collection and Distribution Systems	5 – 40 years
Equipment and Vehicles	3 – 10 years

Deferred Inflows of Resources – Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Compensated Absences – Employees of the City are allowed to accumulate unused paid time off (PTO). Upon termination or resignation of employment from the City, an employee will be compensated for all accrued PTO. Accumulated, unpaid PTO is accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental fund financial statements only when payment is due.

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 made changes to certain benefit provisions.

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

Long-Term Obligations – In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and refunding losses are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financial uses.

Net Position – In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. Net position is classified into the following categories:

- *Net Investment in Capital Assets* – this classification is intended to report the portion of net position, which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- *Restricted Net Position* – this classification includes liquid assets which have third party limitations on their use.
- *Unrestricted Net Position* – this classification includes assets that do not have any third-party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources at December 31, 2019.
- *Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the City had restricted amounts for open space, law enforcement and capital improvements because of voter approved taxes for these purposes.
- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council. The City had committed resources at December 31, 2019, for future document imaging and capital improvements.
- *Assigned* – This classification includes amounts that are constrained by the City's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The City had assigned resources at December 31, 2019, for future Barr Trail maintenance, capital improvements, police, fire, parks, and trails.
- *Unassigned* – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In the fund financial statements, governmental funds report committed fund balances when the City Council formally commits resources for a specific purpose through passage of a resolution or approval of contractual agreements with third parties.

The City Council is authorized to informally assign amounts to a specific purpose and has assigned this authority to the City Manager or other designee. Such fund balance assignments are reported in the governmental fund financial statements.

The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The City has evaluated subsequent events through July 29, 2022, the date the financial statements were available to be issued.

Note 2: Cash and Investments

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

Petty Cash	\$	800
Cash Deposits		6,598,051
Investments		8,565,905
Escrow Cash		<u>277,363</u>
Total	\$	<u>15,442,119</u>

Cash is reported in the financial statements as follows:

Primary Government Cash and Investments	\$	12,544,124
Primary Government Restricted Cash and Investments		277,363
Urban Renewal Authority		2,332,858
Agency Fund		<u>287,774</u>
Total	\$	<u>15,442,119</u>

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 2: Cash and Investments (Continued)

Investments (Continued)

- Certain international agency securities.
- General obligation and revenue bonds of U.S. local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Certificates of deposits.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in one issuer, except for corporate securities.

Local Government Investment Pool - At December 31, 2021, the City had \$8,565,905 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2021, the City's investment in ColoTrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets

Capital asset governmental activity for the year ended December 31, 2021, is summarized below.

Governmental Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets, Not Being Depreciated				
Land	\$ 7,042,831	\$ -	\$ -	\$ 7,042,831
Construction in Progress	1,703,684	1,976,287	-	3,679,971
Total Capital Assets, Not Being Depreciated	8,746,515	1,976,287	-	10,722,802
Capital Assets, Being Depreciated				
Land Improvements	4,044,027	443,678	-	4,487,705
Buildings	1,678,039	585,754	-	2,263,793
Infrastructure	12,080,465	127,142	-	12,207,607
Equipment and Vehicles	5,349,712	939,511	(140,522)	6,148,701
Total Capital Assets, Being Depreciated	23,152,243	2,096,085	(140,522)	25,107,806
Governmental Activities (Continued)	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets, Not Being Depreciated (Continued)				
Less Accumulated Depreciation				
Land Improvements	(2,040,736)	(158,747)	-	(2,199,483)
Buildings	(1,306,224)	(44,016)	-	(1,350,240)
Infrastructure	(7,939,444)	(216,409)	-	(8,155,853)
Equipment and Vehicles	(3,451,484)	(429,980)	108,565	(3,772,899)
Total Accumulated Depreciation	(14,737,888)	(849,152)	108,565	(15,478,475)
Total Capital Assets, Being Depreciated, net	8,414,355	1,246,933	(31,957)	9,629,331
Governmental Activities Capital Assets, net	\$ 17,160,870	\$ 3,223,220	\$ (31,957)	\$ 20,352,133

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 281,202
Public Safety	50,471
Public Works	345,479
Parks and Recreation	172,000
Total	\$ 849,152

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 3: Capital Assets (Continued)

Capital asset business-type activity for the year ended December 31, 2021, is summarized below.

Business-Type Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets, <i>Not Being Depreciated</i>				
Construction in Progress	413,373	-	(413,373)	-
Total Capital Assets, <i>Not Being Depreciated</i>	413,373	-	(413,373)	-
Capital Assets, <i>Being Depreciated</i>				
Land Improvements	156,991	-	-	156,991
Collection and Distribution System	30,603,734	1,463,257	-	32,066,991
Machinery and Equipment	3,017,213	691,696	(163,900)	3,545,009
Total Capital Assets, <i>Being Depreciated</i>	33,777,938	2,154,953	(163,900)	35,768,991
Less: Accumulated depreciation	(15,791,385)	(1,099,149)	142,160	(16,748,374)
Total Capital Assets, <i>Being Depreciated, net</i>	17,986,553	1,055,804	(21,740)	19,020,617
Business-Type Activities Capital Assets, <i>net</i>	\$ 18,399,926	\$ 1,055,804	\$ (435,113)	\$ 19,020,617

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2021:

Governmental Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21	Due Within One Year
Capital Leases	\$ 1,792,488	\$ 231,759	\$ 416,363	\$ 1,607,884	\$ 389,092
Compensated Absences	162,390	212,668	240,083	134,975	134,975
Total	\$ 1,954,878	\$ 444,427	\$ 656,446	\$ 1,742,859	\$ 524,067

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

The City has entered into several capital lease agreements to purchase land, equipment, and vehicles. These leases bear interest at rates ranging from 1.725% to 3.404% per annum and mature between June 2022 and December 2030.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Long-Term Debt (Continued)

Governmental Activities (Continued)

The future minimum lease payments of principal and interest as of December 31, 2021, were as follows:

<u>Year Ended December 31,</u>	
2022	\$ 441,878
2023	335,484
2024	303,692
2025	233,607
2026	178,431
2027-2030	<u>291,065</u>
Total Future Minimum Lease Payments	1,784,157
Less: Interest	<u>(176,273)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,607,884</u>

Business-Type Activities

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2021:

Business-Type Activities	Balance 12/31/20	Additions	Payments	Balance 12/31/21	Due Within One Year
1985 Water Loan	\$ 224,650	\$ -	\$ 51,571	\$ 173,079	\$ 53,642
2009 Water Loan	589,647	-	62,068	527,579	62,068
2009 Water Loan	589,647	-	62,068	527,579	26,864
2009 Water Loan	255,207	-	26,865	228,342	62,068
2009 Sewer Loan	39,616	-	4,170	35,446	4,170
2020 Water Loan	350,000	-	8,129	341,871	14,256
2020 Water Loan	827,200	-	19,212	807,988	33,692
2020 Sewer Loan	554,400	-	12,875	541,525	22,581
Capital Leases	184,637	86,000	40,542	230,095	77,015
Compensated Absences	33,429	39,721	46,170	26,980	26,980
Total	<u>\$ 3,648,433</u>	<u>\$ 125,721</u>	<u>\$ 333,670</u>	<u>\$ 3,440,484</u>	<u>\$ 383,336</u>

Water Loans

During 1985, the City entered into a \$1,200,000 loan agreement with the Colorado Water Conservation Board for construction certain water supply improvements. Principal and interest payments are due annually on May 1, through 2025. Interest accrues at 4.02% per annum.

During 2009, the City entered into two loan agreements with the Colorado Water Resources and Power Development Authority (CWRPDA), each in the principal amount of \$1,241,361, for construction and improvements to the water delivery systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loan is non-interest bearing.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Water Loans (Continued)

During 2009, the City entered into a third loan agreement with the CWRPDA in the principal amount of \$537,278 for construction and improvements to the water delivery systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loan is non-interest bearing.

The three CWRDPA water loans are payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2021, net revenues of \$824,959 were available to pay annual debt service of \$151,000. Remaining debt service at December 31, 2021 was \$1,283,500.

During 2020, the City entered into a \$827,200 loan agreement with the CWRPDA to finance all or a portion of the costs of certain water resource projects. Principal and interest payments are due semi-annually on May 1 and November 1, through 2040. Interest accrues at 2.5% per annum.

During 2020, the City entered into a \$350,000 loan agreement with the CWRPDA for maintenance and projects related to hydroelectric facilities. Principal and interest payments are due semi-annually on May 1 and November 1, through 2040. Interest accrues at 2.5% per annum.

The CWRDPA water loans include a rate maintenance coverage covenant that requires the City to maintain a coverage ratio of Net Revenues equal to 110% of the maximum annual debt service of the loan when due and any parity debt coming due. The computation of both the Water rate maintenance covenant is as follows:

Revenues	
Operating Revenues	\$ 1,685,284
Expenses	
Operating Expenses	<u>860,325</u>
Net Revenues	<u>824,959</u>
Debt Services Requirements	
2009 CWRPDA Notes Payable	151,000
2020 CWRPDA Notes Payable	31,242
2020 CWRPDA Hydropower Plant Note Payable	<u>13,219</u>
Total CWRPDA Notes Payable	195,461
Required Coverage	<u>110%</u>
Debt Service Coverage Amount	<u>215,007</u>
Net Revenue Excess (Shortfall)	<u>\$ 609,952</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Sewer Loans

During 2009, the City entered into a loan agreement with the CWRPDA in the principal amount of \$83,401 to finance repairs to the City's sewer treatment systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loan is non-interest bearing.

During 2020, the City entered into a \$554,400 loan agreement with the CWRPDA for maintenance and projects related to water management and wastewater treatment facilities. Principal and interest payments are due semi-annually on May 1 and November 1, through 2040. Interest accrues at 2.5% per annum.

The 2009 and the 2020 CWRPDA sewer loans are payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2021, net revenues of \$187,664 were available to pay annual debt service of \$40,149. Remaining debt service at December 31, 2021 was \$576,971.

The CWRDPA water loans include a rate maintenance coverage covenant that requires the City to maintain a coverage ratio of Net Revenues equal to 110% of the maximum annual debt service of the loan when due and any parity debt coming due. The computation of both the Water rate maintenance covenant is as follows:

Revenues	
Operating Revenues	\$ 1,281,805
Expenses	
Operating Expenses	<u>1,094,141</u>
Net Revenues	<u>187,664</u>
Debt Services Requirements	
2009 CWRPDA Notes Payable	4,170
2020 CWRPDA Notes Payable	<u>20,939</u>
Total CWRPDA Notes Payable	25,109
Required Coverage	<u>110%</u>
Debt Service Coverage Amount	<u>27,620</u>
Net Revenue Excess (<i>Shortfall</i>)	<u>\$ 160,044</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Sewer Loans (Continued)

Following is the remaining principal and interest for business-type loans as of the year ended December 31, 2021:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 279,340	\$ 48,796	\$ 328,136
2023	283,269	44,868	328,137
2024	287,328	40,809	328,137
2025	236,760	36,613	273,373
2026	233,068	34,477	267,545
2027-2031	962,982	141,987	1,104,969
2032-2036	475,426	86,449	561,875
2037-2040	425,236	24,266	449,502
Total	<u>\$ 3,183,409</u>	<u>\$ 458,265</u>	<u>\$ 3,641,674</u>

Capital Leases

The City has entered into several capital lease agreements to purchase equipment and vehicles. These leases bear interest at rates ranging from 1.725% to 3.404% per annum and mature between June 2022 and June 2027. Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2021.

<u>Year Ended December 31,</u>	
2022	\$ 91,538
2023	75,575
2024	36,312
2025	25,913
2026	2,806
2027-2030	2,899
Total Future Minimum Lease Payments	<u>235,043</u>
Less: Interest	<u>(4,948)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 230,095</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2021, consisted of the following:

Transfers In	Transfers Out	Amount
Capital Improvement Fund	General Fund	\$ 1,360,664
General Fund	Water Enterprise	127,144
General Fund	Sewer Enterprise	56,713
General Fund	Law Enforcement Fund	1,420
General Fund	Open Space Fund	9,000
General Fund	El Paso/Becker Park Fund	60,791
Total		<u>\$ 1,615,732</u>

Note 6: Pension Plans

Eligible City employees may participate in one of six following pension plans, depending on occupation and date of hire:

Nonemergency Employees

- Local Government Division Trust Fund Defined Benefit Plan (PERA)

Police Officers

- Police Officers Statewide Defined Benefit Plan (FPPA)

Firefighters

- Firefighters Statewide Defined Benefit Plan (FPPA)
- Old Hire Firefighters Pension Plan (FPPA)
- Volunteer Firefighters Pension Plan (FPPA)

Local Government Division Trust Fund Defined Benefit Plan (PERA)

General Information - PERA

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

Benefits Provided - The LGDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

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

Contributions provisions as of December 31, 2021 - Eligible employees and the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 01, 2021 through December 31, 2021 were 8.50%

The employer contribution requirements for all employees were 14.22% of covered salaries for January 01, 2021 through December 31, 2021. However, a portion of the City's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. The City's contributions to the LGDTF for the year ended December 31, 2021, were \$369,595, equal to the required contributions.

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

The net pension liability for the LGDTF was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year December 31, 2020 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At December 31, 2021, the City reported a liability of \$2m275m078 for its proportionate share of the net pension liability.

The City's proportion of the net pension liability was based on City's contributions to the LGDTF for the calendar year ended December 31, 2020, relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the City's proportion was 0.4365687521%, which was an increase of 0.0133065796% from its proportion measured at December 31, 2019.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

For the year ended December 31, 2021, the City recognized pension expense of \$313,690. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,295	\$ -
Changes of assumptions and other inputs	126,876	-
Net difference between projected and actual		
Earnings on plan investments	-	1,666,181
Changes in proportion	17,057	-
Contributions subsequent to the measurement date	369,595	-
Total	\$ 531,823	\$ 1,666,181

City contributions subsequent to the measurement date of \$220,715 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ (281,620)
2023	(834,027)
2024	(388,306)
Total	\$ (1,503,953)

Actuarial Assumptions - The actuarial valuation as of December 31, 2020, determined the total pension liability using the following actuarial assumptions and other Inputs.

	Assumptions
Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

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

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

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

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

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

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

	<u>Assumptions</u>
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

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

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

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the City's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension liability (asset)	\$ 5,081,131	\$ 2,275,078	\$ (194,849)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERA (Continued)

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Police Officers Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA

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

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

Benefits Provided – A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

General Information - FPPA

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the plan and remain eligible for a retirement pension at age 55 equal to 2% 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.

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

Contributions – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

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

Police Officers

The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2021. Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The City's contributions to the plan for the year ended December 31, 2021, were \$86,122, equal to the required contributions.

The City's proportion of the net pension asset was based on the City's contributions to the plan for the calendar year ended December 31, 2021, relative to the projected contributions of all participating employers. At December 31, 2021, the City's proportion was 0.1336000655% which was an increase of 0.0269969347% from its proportion measured at December 31, 2020.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA (Continued)

Police Officers (Continued)

For the year ended December 31, 2021, the City recognized pension asset of \$71,688. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,322	\$ 831
Changes in assumptions and other inputs	103,252	-
Net difference between projected and actual		
Earnings on plan investments	-	206,887
Changes in proportion	43,086	56,038
Contributions subsequent to the measurement date	86,122	-
Total	\$ 439,782	\$ 263,756

City contributions subsequent to the measurement date of \$86,122 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>			
2022		\$	5,509
2023			(44,611)
2024			6,069
2025			52,675
2026			44,112
Thereafter			26,150
Total		\$	89,904

Actuarial Assumptions – The actuarial valuations as of January 1, 2021, determined the total pension liability using the following actuarial assumptions and other inputs:

	Assumptions
Actuarial cost method	Entry age normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.00%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

Police Officers (Continued)

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 there 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.

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 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%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income	10%	4.01%
Absolute Return	5%	5.25%
Managed Futures	10%	5.60%
Cash	2%	2.32%
Total	<u>100.00%</u>	

Discount Rate – 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 in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.50%.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

Police Officers (Continued)

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as the City’s proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8.00%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension liability (asset)	\$ 291,886	\$ (290,046)	\$ (771,959)

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

Firefighters Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA

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

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

Benefits Provided – A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007, for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

General Information - FPPA

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the plan and remain eligible for a retirement pension at age 55 equal to 2% 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.

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

Contributions – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

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

State Fire

The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2021.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

State Fire (Continued)

Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The City's contributions to the plan for the year ended December 31, 2021, were \$41,656, equal to the required contributions.

The City's proportion of the net pension asset was based on the City's contributions to the plan for the calendar year ended December 31, 2021, relative to the projected contributions of all participating employers. At December 31, 2021, the City's proportion was 0.0571535686% which was a decrease of 0.0571718140% from its proportion measured at December 31, 2020.

At December 31, 2021, the City reported a net pension asset of \$124,081, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2021, the City recognized pension expense of \$36,377. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88,697	\$ 356
Changes in assumptions and other inputs	44,169	-
Net difference between projected and actual	-	-
Earnings on plan investments	-	88,502
Changes in proportion	18,243	5,716
Contributions subsequent to the measurement date	41,656	-
Total	<u>\$ 192,765</u>	<u>\$ 94,574</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

State Fire (Continued)

City contributions after the measurement date of \$41,656 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>			
2020	\$	4,727	
2021		(16,715)	
2022		27,202	
2023		24,906	
2024		20,954	
Thereafter		<u>(4,539)</u>	
 Total	 \$	 <u>56,535</u>	

Actuarial Assumptions – The actuarial valuations as of January 1, 2021, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Assumptions</u>
Actuarial cost method	Entry age normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.00%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

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 there 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

State Fire (Continued)

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income	10%	4.01%
Absolute Return	5%	5.25%
Managed Futures	10%	5.60%
Cash	2%	2.32%
Total	<u>100.00%</u>	

Discount Rate – 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 in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.50%.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as the City's proportionate share of the net pension (asset) liability if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8.00%) than the current rate, as follows:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's Proportionate share of the Net pension liability (asset)	\$ <u>124,868</u>	\$ <u>(124,081)</u>	\$ <u>(330,241)</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

State Fire (Continued)

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

Old Hire Firefighters Pension Plan (FPPA)

General Information – Old Hire Fire

Plan Description - The City's firefighters hired prior to April 8, 1978, are covered by an agent multiple-employer defined benefit pension plan. The Plan is affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund. The plan has one retiree and one retiree's beneficiary and is closed to future participation.

The authority under which benefit provisions are established or amended are provided within Colorado Revised Statutes (C.R.S. 31-30.5-210). The Board of Trustees is made up of City Council members and firefighters who along with the Board of Directors of the Colorado FPPA must approve Plan amendments. Any modification must maintain or enhance the actuarial soundness of the plan and cannot adversely affect the benefits of Members.

Benefits Provided - A firefighter's normal retirement date shall be the date on which he has attained fifty years of age and completed twenty years of active service. Any firefighter who elects to retire on or after his normal retirement date is eligible for a monthly pension payment equivalent to one-half of his monthly salary at the date of his retirement. For each year after a firefighter continues working past the normal retirement date, his benefit will increase by 4% of his monthly salary to a maximum benefit of 74%. If a firefighter dies, the surviving spouse receives, until death or remarriage, a monthly pension equal to one-third of the salary of a first-grade firefighter at the time of retirement.

Contributions - The plan receives contributions from the City based on an actuarially determined amount, as required by State statute. The actuarial study as of January 1, 2021, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, of the present plan. The City contribution amount for the Plan has been historically determined by biennial actuarial studies.

Administrative costs of the plan are paid from the pension fund. There are no investments in, loans to or leases with parties related to the plans.

For the year ended December 31, 2021, the City reported a net pension liability of \$343,502. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

For the year ended December 31, 2021, the City recognized pension expense of \$14,586. At December 31, 2021, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual		
Earnings on plan investments	\$ -	\$ 11,918
Contributions subsequent to the measurement date	18,730	-
Total	\$ 18,730	\$ 11,918

\$18,730 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ (4,631)
2023	(154)
2024	(5,052)
2025	(2,081)
Total	\$ (11,918)

Actuarial Assumptions – The January 1, 2021 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2021. The valuation used the following actuarial assumptions and other inputs:

	<u>Assumptions</u>
Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 years
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.50%

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

Old Hire Fire (Continued)

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 expenses 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.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10%	0.10%
Fixed Income - Rates	70%	2.30%
Fixed Income - Credit	10%	3.50%
Absolute Return	0%	5.60%
Long Short	0%	6.90%
Global Public Equity	10%	7.80%
Private Capital	0%	10.50%
Total	<u>100.00%</u>	

Single Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net pension 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – FPPA (Continued)

Old Hire Fire (Continued)

Sensitivity of the City's Net Pension Asset to Changes in the Single Discount Rate – The following presents the City's net pension liability/(asset) calculated using the single discount rate of 7.5%, as well as what the City's net pension liability/(asset) would be if it were calculated using a single discount rate that is 1 percent lower or 1 percent higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension liability (asset)	\$ <u>413,865</u>	\$ <u>343,502</u>	\$ <u>283,344</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in FPPA's comprehensive annual financial report at www.fppaco.org/PDF/annual-reports/14.annual.report.pdf.

Volunteer Firefighters Pension Plan (FPPA)

General Information – Volunteer Firefighters

Plan Description – The City, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area or 1-800-332-FPPA (3772) from outside the metro area.

Volunteer firefighters who complete the minimum annual training required by the City and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service, are entitled to a benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50% benefit. In addition, the plan provides death and disability benefits funded by insurance policies.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

General Information – Volunteer Firefighters (Continued)

Volunteers Covered by Benefit Terms – At December 31, 2021, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	18
Active Employees	31
Total	49

Contributions – Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2020. Contributions into the pension fund are derived from two sources: contributions directly from the City and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2021, the City's contributions were \$21,765.

Net Pension Asset

The total pension liability is based on an actuarial valuation performed as of January 1, 2021, and a measurement date of December 31, 2020. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2021, and may be used for December 31, 2021, reporting purposes.

Actuarial Assumptions – The total pension liability was rolled forward from the actuarial valuation as of January 1, 2021 to the measurement date of December 31, 2020, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 Years
Inflation	2.50%
Projected Salary Increases	N/A
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.00%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

Mortality rates were based on the following:

- *Pre-retirement:* RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality.
- *Post-retirement:* For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables.

All tables are projected with Scale BB.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.00% (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%.

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

Changes in net pension liability for the City's Volunteer Firefighter agent multiple-employer plan is listed as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, December 31, 2019	\$ 578,072	\$ 304,919	\$ 273,153
Service Cost	5,060	-	5,060
Interest	38,828	-	38,828
Differences Between Expected and Actual Experience	(14,589)	-	(14,589)
Contributions	-	21,765	(21,765)
Net Investment Income	-	37,237	(37,237)
Benefit Payments	(52,650)	(52,650)	-
Administrative Expenses	-	(8,205)	8,205
State of Colorado supplemental discretionary payment	-	14,400	(14,400)
Total	\$ 554,721	\$ 317,466	\$ 237,255

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

Sensitivity of the net pension liability (asset) to the changes in the discount rate – The following table presents the net pension liability (asset) of the City, calculated using the discount rate of 7.0%, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 294,667	\$ 237,255	\$ 189,237

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

For the year ended December 31, 2021, the City recognized pension expense of \$16,464 for the Volunteer Pension Plan. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 510	\$ 11,702
Changes in assumptions and other inputs	8,731	-
Net difference between projected and actual		
Earnings on plan investments	-	10,784
Contributions subsequent to the measurement date	36,165	-
Total	\$ 45,406	\$ 22,486

\$36,165 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ (5,147)
2023	(1,999)
2024	(10,700)
2025	(6,127)
Total	\$ (13,245)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits

General Information

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

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

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the Local Government Division are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City was \$31,408 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a net OPEB liability of \$308,032 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.0333264570%, which was an increase of 0.0009097222% from its proportion measured at December 31, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 429	\$ 51,921
Changes of assumptions and other inputs	1,581	15,162
Net difference between projected and actual earnings on plan investments	-	8,578
Changes in proportion	28,771	13,340
Contributions subsequent to the measurement date	31,408	-
Total	\$ 62,189	\$ 89,001

For the year ended December 31, 2021, the City recognized OPEB expense of \$26,216. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City contributions subsequent to the measurement date of \$31,408 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>		
2022	\$	(19,209)
2023		(21,520)
2024		(13,653)
2025		(3,664)
2026		(174)
	\$	(58,220)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2019, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

	Assumptions
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% in aggregate
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	5.60% in 2019, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.50% in 2019, gradually increasing to 4.50% in 2029

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$558, Monthly Premium of \$227, Monthly Costs Adjusted to Age 65 of \$550.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$621, Monthly Premium of \$232, Monthly Costs Adjusted to Age 65 of \$586.

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

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

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.2%-11.3%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%

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

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

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

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

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

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

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

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

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

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

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

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

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 6).

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 7: Other Postemployment Benefits (Continued)

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

Sensitivity of the City's proportionate share of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ <u>352,856</u>	\$ <u>308,032</u>	\$ <u>269,733</u>

Sensitivity of the City's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

- The following presents the City's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 9.1%, as well as the City's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ <u>300,070</u>	\$ <u>308,032</u>	\$ <u>317,300</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's FNP is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for its workers compensation claims.

Public Entity Risk Pool

For other risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2021

Note 8: Risk Management (Continued)

Public Entity Risk Pool (Continued)

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the City does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

Note 9: Commitments and Contingencies

Claims and Judgments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. Management believes that additional disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

In November 1997, voters within the City authorized the City to collect, retain and expend all revenues and other funds in excess of the revenue limitations of the Amendment.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2021

Note 9: Commitments and Contingencies (Continued)

TABOR Amendment (Continued)

The City determined a state of emergency, approved by Resolution No. 2413, as a result of flooding in 2013. The resolution authorized the use of the TABOR emergency reserve for expenses directly related to the recovery efforts and to mitigate the risk of future flooding. The City will determine when the state of emergency is lifted and will re-establish, within one year, an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment.

The URA is not subject to the Amendment. See: *Marian L. Olson v. City of Golden, et. al.* 53 P.3d 747 (Co. App.), certiorari denied. However, the URA reported an emergency reserve of \$2,737 for the year ended December 31, 2021.

Required Supplementary Information

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and Use Taxes	\$ 6,615,000	\$ 8,030,000	\$ 8,932,046	\$ 902,046
Property	859,593	854,400	857,049	2,649
Amusement and Lodging	685,500	890,000	985,977	95,977
Franchise	395,000	395,000	359,951	(35,049)
Auto Use	330,000	360,000	444,027	84,027
Licenses and Permits	80,400	83,500	157,866	74,366
Intergovernmental	793,507	865,489	621,663	(243,826)
Contributions/Donations	277,456	277,709	11,380	(266,329)
Charges for Services	1,550,000	1,302,300	1,816,656	514,356
Fines and Forfeitures	40,015	28,715	101,167	72,452
Investment Income	50,000	2,800	2,142	(658)
Proceeds from Sale of Assets	50,000	71,500	122,967	51,467
Miscellaneous	3,000	55,000	50,718	(4,282)
Total Revenues	<u>11,729,471</u>	<u>13,216,413</u>	<u>14,463,609</u>	<u>1,247,196</u>
Expenditures				
General Government				
Legislative	282,686	279,531	263,279	16,252
Judicial	103,222	75,252	55,548	19,704
Executive	876,005	926,669	893,765	32,904
City Clerk	225,281	235,560	230,720	4,840
Finance	593,545	587,502	617,235	(29,733)
Planning	622,601	596,053	567,692	28,361
Economic Development	2,609,000	3,009,000	3,186,044	(177,044)
Intergovernment	45,644	45,644	41,379	4,265
Miscellaneous	-	-	528	(528)
Total General Governments	<u>5,357,984</u>	<u>5,755,211</u>	<u>5,856,190</u>	<u>(100,979)</u>
Public Safety				
Police	2,172,514	2,189,390	1,911,063	278,327
Fire	1,036,469	1,114,993	1,155,517	(40,524)
Total Public Safety	<u>3,208,983</u>	<u>3,304,383</u>	<u>3,066,580</u>	<u>237,803</u>
Public Works				
Parking Department	1,297,588	1,263,945	1,193,217	70,728
Total Public Works	<u>1,297,588</u>	<u>1,263,945</u>	<u>1,193,217</u>	<u>70,728</u>

(Continued)

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Culture and Recreation				
Public Services	\$ 2,090,031	\$ 2,213,212	\$ 2,234,173	\$ (20,961)
Total Culture and Recreation	<u>2,090,031</u>	<u>2,213,212</u>	<u>2,234,173</u>	<u>(20,961)</u>
Total Expenditures	<u>11,954,586</u>	<u>12,536,751</u>	<u>12,350,160</u>	<u>186,591</u>
Excess Revenues Over (Under) Expenditures	(225,115)	679,662	2,113,449	1,433,787
Other Financing Sources (Uses)				
Transfers Out	<u>(458,300)</u>	<u>(1,360,664)</u>	<u>(1,360,664)</u>	<u>-</u>
Net Change in Fund Balance	(683,415)	(681,002)	752,785	1,433,787
Fund Balance, Beginning of year	<u>5,209,353</u>	<u>5,209,353</u>	<u>5,303,685</u>	<u>94,332</u>
Fund Balance, End of year	<u>\$ 4,525,938</u>	<u>\$ 4,528,351</u>	<u>\$ 6,056,470</u>	<u>\$ 1,528,119</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Capital Improvements Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 794,120	\$ 870,784	\$ 870,534	\$ (250)
Intergovernmental	4,678,251	4,452,378	2,926,468	(1,525,910)
Interest	10,000	-	8	8
Total Revenues	5,482,371	5,323,162	3,797,010	(1,526,152)
Expenditures				
Capital Improvements	6,037,962	5,893,056	3,705,653	2,187,403
Debt Service	406,216	415,081	412,796	2,285
Total Expenditures	6,444,178	6,308,137	4,118,449	2,189,688
Excess Revenues Over (Under) Expenditures	(961,807)	(984,975)	(321,439)	663,536
Other Financing Sources (Uses)				
Debt Proceeds	191,700	231,700	231,700	-
Transfers In	500,000	529,000	529,000	-
Net Change in Fund Balance	(270,107)	(224,275)	439,261	663,536
Fund Balance, Beginning of year	1,268,301	1,268,301	1,732,616	464,315
Fund Balance, End of year	\$ 998,194	\$ 1,044,026	\$ 2,171,877	\$ 1,127,851

City of Manitou Springs, Colorado

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2021

	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Proportionate Share of the Net Pension Liability				
City's Proportion of the Net Pension Liability	0.4365687521%	0.4232621725%	0.4023930474%	0.3564476255%
City's Proportionate Share of the Net Pension Liability	\$ 2,275,078	\$ 3,095,701	\$ 5,058,938	\$ 3,968,795
City's Covered-Employee Payroll	\$ 3,079,173	\$ 2,755,869	\$ 2,807,196	\$ 2,248,623
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	73.89%	112.33%	180.21%	176.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.88%	75.96%	75.96%	79.37%
	12/31/2021	12/31/2020	12/31/2019	12/31/2018
City Contributions				
Statutorily Required Contribution	\$ 369,595	\$ 398,510	\$ 369,595	\$ 323,788
Contributions in Relation to the Statutorily Required Contribution	<u>(369,595)</u>	<u>(398,510)</u>	<u>(369,595)</u>	<u>(323,788)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 2,755,869	\$ 3,079,173	\$ 2,755,869	\$ 2,807,196
Contributions as a Percentage of Covered-Employee Payroll	13.41%	12.94%	13.41%	11.53%

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

(Continued)

City of Manitou Springs, Colorado

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2021

(Continued)

	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net Pension Liability	0.3279100000%	0.3067500000%	0.2589400000%	0.2536000000%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,427,922	\$ 3,379,093	\$ 2,320,884	\$ 2,086,887
Authority's Covered-Employee Payroll	\$ 1,976,677	\$ 1,741,473	\$ 1,418,864	\$ 1,418,864
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	224.01%	194.04%	163.57%	147.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.65%	76.87%	80.72%	77.66%
	12/31/2017	12/30/2016	12/31/2015	12/31/2014
Authority Contributions				
Statutorily Required Contribution	\$ 286,261	\$ 252,803	\$ 220,819	\$ 200,571
Contributions in Relation to the Statutorily Required Contribution	<u>(286,261)</u>	<u>(252,803)</u>	<u>(220,819)</u>	<u>(200,571)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	2,248,623	\$ 1,976,677	\$ 1,741,473	\$ 1,418,864
Contributions as a Percentage of Covered-Employee Payroll	12.73%	12.79%	12.68%	14.14%

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Police Officers Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2021

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability				
City's Proportion of the Net Pension Liability	0.133600655%	0.1066031300%	0.1207309423%	0.130220800%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (290,046)	\$ (60,291)	\$ 152,637	\$ (187,343)
City's Covered-Employee Payroll	\$ 785,705	\$ 791,116	\$ 899,076	\$ 760,073
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(36.92%)	(7.62%)	16.98%	(24.65%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.70%	75.96%	75.96%	106.30%
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions				
Statutorily Required Contribution	\$ 86,122	\$ 85,847	\$ 161,834	\$ 64,698
Contributions in Relation to the Statutorily Required Contribution	<u>(86,122)</u>	<u>(85,847)</u>	<u>(161,834)</u>	<u>(64,698)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 1,018,816	\$ 785,705	\$ 791,116	\$ 899,076
Contributions as a Percentage of Covered-Employee Payroll	8.45%	10.93%	20.46%	7.20%

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Police Officers Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2021
(Continued)

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net Pension Liability	0.1439600000%	0.1396100000%	0.1345200000%	0.1330600000%
Authority's Proportionate Share of the Net Pension Liability	\$ 52,019	\$ (2,461)	\$ (151,810)	\$ (118,980)
Authority's Covered-Employee Payroll	\$ 738,608	\$ 683,311	\$ 604,912	\$ 604,912
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	7.04%	(0.36%)	(25.10%)	(19.67%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.21%	100.10%	106.83%	105.83%
	<u>12/31/2017</u>	<u>12/30/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Authority Contributions				
Statutorily Required Contribution	\$ 60,806	\$ 59,089	\$ 54,665	\$ 48,393
Contributions in Relation to the Statutorily Required Contribution	<u>(60,806)</u>	<u>(59,089)</u>	<u>(54,665)</u>	<u>(48,393)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	760,073	\$ 738,608	\$ 683,311	\$ 604,912
Contributions as a Percentage of Covered-Employee Payroll	8.00%	8.00%	8.00%	8.00%

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2021

	<u>12/30/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability				
City's Proportion of the Net Pension Liability	0.0571535686%	0.0571718140%	0.0640696184%	0.0595969000%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (124,081)	\$ (32,334)	\$ 81,002	\$ (85,740)
City's Covered-Employee Payroll	\$ 422,678	\$ 422,678	\$ 349,428	\$ 349,428
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(29.36%)	(7.65%)	23.18%	(24.54%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.70%	75.96%	75.96%	106.30%
	<u>12/30/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions				
Statutorily Required Contribution	\$ 41,656	\$ 36,725	\$ 83,855	\$ 34,334
Contributions in Relation to the Statutorily Required Contribution	<u>(41,656)</u>	<u>(36,725)</u>	<u>(83,855)</u>	<u>(34,334)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 491,112	\$ 422,678	\$ 422,678	\$ 349,428
Contributions as a Percentage of Covered-Employee Payroll	8.48%	8.69%	19.84%	9.83%

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2021
(Continued)

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net Pension Liability	0.0641400000%	0.0646500000%	0.0681600000%	0.0629200000%
Authority's Proportionate Share of the Net Pension Liability	\$ 23,176	\$ (1,140)	\$ (76,927)	\$ (56,266)
Authority's Covered-Employee Payroll	\$ 349,428	\$ 328,841	\$ 333,375	\$ 306,525
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	6.63%	(0.35%)	(23.08%)	(18.36%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.21%	100.10%	106.83%	105.83%
	<u>12/31/2017</u>	<u>12/30/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Authority Contributions				
Statutorily Required Contribution	\$ 27,954	\$ 26,307	\$ 26,670	\$ 24,522
Contributions in Relation to the Statutorily Required Contribution	<u>(27,954)</u>	<u>(26,307)</u>	<u>(26,670)</u>	<u>(24,522)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	349,428	\$ 328,841	\$ 333,375	\$ 306,525
Contributions as a Percentage of Covered-Employee Payroll	8.00%	8.00%	8.00%	8.00%

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

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2021

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Total Pension Liability			
Interest on the Total Pension Liability	\$ 29,931	\$ 37,594	\$ 37,852
Difference between expected and actual experience of the Total Pension Liability	-	6,952	-
Changes of Assumptions	-	162,014	-
Benefit Payments	<u>(43,171)</u>	<u>(41,914)</u>	<u>(40,693)</u>
Net Change in Total Pension Liability	(13,240)	164,646	(2,841)
Total Pension Liability - Beginning	<u>686,474</u>	<u>521,828</u>	<u>524,669</u>
Total Pension Liability - Ending	<u>\$ 673,234</u>	<u>\$ 686,474</u>	<u>\$ 521,828</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 18,730	\$ 18,730	\$ 16,956
Pension Plan Net Investment Income	24,742	37,823	371
Benefit Payments	(43,171)	(41,914)	(40,693)
Pension Plan Administrative Expense	<u>(2,299)</u>	<u>(1,168)</u>	<u>(2,971)</u>
Net Change in Plan Fiduciary Net Position	<u>(1,998)</u>	<u>13,471</u>	<u>(26,337)</u>
Total Plan Fiduciary Net Position - Beginning	<u>331,730</u>	<u>318,259</u>	<u>344,596</u>
Total Plan Fiduciary - Ending	<u>\$ 329,732</u>	<u>\$ 331,730</u>	<u>\$ 318,259</u>
Net Pension Liability (Asset)			
Total Pension Liability - Ending	\$ 673,234	\$ 686,474	\$ 521,828
Total Plan Fiduciary - Ending	<u>329,732</u>	<u>331,730</u>	<u>318,259</u>
Net Pension Liability (Asset)	<u>\$ 343,502</u>	<u>\$ 354,744</u>	<u>\$ 203,569</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.98%	48.32%	60.99%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2021
(Continued)

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability				
Interest on the Total Pension Liability	\$ 36,193	\$ 36,383	\$ 40,843	\$ 41,014
Difference between expected and actual experience of the Total Pension Liability	26,018	-	(87,449)	-
Changes of Assumptions	-	-	26,286	-
Benefit Payments	<u>(39,508)</u>	<u>(38,357)</u>	<u>(39,914)</u>	<u>(46,540)</u>
Net Change in Total Pension Liability	22,703	(1,974)	(60,234)	(5,526)
Total Pension Liability - Beginning	<u>501,966</u>	<u>503,940</u>	<u>564,174</u>	<u>569,700</u>
Total Pension Liability - Ending	<u>\$ 524,669</u>	<u>\$ 501,966</u>	<u>\$ 503,940</u>	<u>\$ 564,174</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 16,959	\$ 21,799	\$ 21,799	\$ 19,672
Pension Plan Net Investment Income	45,694	17,007	5,687	22,581
Benefit Payments	(39,508)	(38,357)	(39,914)	(46,540)
Pension Plan Administrative Expense	<u>(689)</u>	<u>(2,380)</u>	<u>(837)</u>	<u>(3,655)</u>
Net Change in Plan Fiduciary Net Position	22,456	(1,931)	(13,265)	(7,942)
Total Plan Fiduciary Net Position - Beginning	<u>322,140</u>	<u>324,071</u>	<u>337,336</u>	<u>345,278</u>
Total Plan Fiduciary - Ending	<u>\$ 344,596</u>	<u>\$ 322,140</u>	<u>\$ 324,071</u>	<u>\$ 337,336</u>
Net Pension Liability (Asset)				
Total Pension Liability - Ending	\$ 524,669	\$ 501,966	\$ 503,940	\$ 564,174
Total Plan Fiduciary - Ending	<u>344,596</u>	<u>322,140</u>	<u>324,071</u>	<u>337,336</u>
Net Pension Liability (Asset)	<u>\$ 180,073</u>	<u>\$ 179,826</u>	<u>\$ 179,869</u>	<u>\$ 226,838</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.68%	64.18%	64.31%	59.79%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

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

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2021

	12/31/2020	12/31/2019	12/31/2018
Total Pension Liability			
Service Cost	\$ 5,060	\$ 5,060	\$ 5,655
Interest on the Total Pension Liability	38,828	39,533	41,581
Difference between expected and actual experience of the Total Pension Liability	(14,589)	-	1,311
Changes of Assumptions	-	-	19,985
Benefit Payments	<u>(52,650)</u>	<u>(56,625)</u>	<u>(59,054)</u>
Net Change in Total Pension Liability	(23,351)	(12,032)	9,478
Total Pension Liability - Beginning	<u>578,072</u>	<u>590,104</u>	<u>580,626</u>
Total Pension Liability - Ending	<u>\$ 554,721</u>	<u>\$ 578,072</u>	<u>\$ 590,104</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 21,765	\$ 21,765	\$ 16,000
Pension Plan Net Investment Income	37,237	42,064	312
Benefit Payments	(52,650)	(56,625)	(59,054)
Pension Plan Administrative Expense	(8,205)	(11,911)	(11,616)
State of Colorado supplemental discretionary payment	<u>14,400</u>	<u>-</u>	<u>28,800</u>
Net Change in Plan Fiduciary Net Position	<u>12,547</u>	<u>(4,707)</u>	<u>(25,558)</u>
Total Plan Fiduciary Net Position - Beginning	<u>304,919</u>	<u>309,626</u>	<u>335,184</u>
Total Plan Fiduciary - Ending	<u>\$ 317,466</u>	<u>\$ 304,919</u>	<u>\$ 309,626</u>
Net Pension Liability (Asset)			
Total Pension Liability - Ending	\$ 578,072	\$ 578,072	\$ 590,104
Total Plan Fiduciary - Ending	<u>304,919</u>	<u>304,919</u>	<u>309,626</u>
Net Pension Liability (Asset)	<u>\$ 273,153</u>	<u>\$ 273,153</u>	<u>\$ 280,478</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.75%	52.75%	52.47%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2021
(Continued)

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability				
Service Cost	\$ 5,655	\$ 6,563	\$ 6,563	\$ 5,274
Interest on the Total Pension Liability	42,322	41,496	42,160	40,957
Difference between expected and actual experience of the Total Pension Liability	-	(1,436)	-	24,855
Changes of Assumptions	-	21,796	-	-
Benefit Payments	<u>(56,700)</u>	<u>(57,225)</u>	<u>(57,905)</u>	<u>(53,550)</u>
Net Change in Total Pension Liability	(8,723)	11,194	(9,182)	17,536
Total Pension Liability - Beginning	<u>589,349</u>	<u>578,155</u>	<u>587,337</u>	<u>569,801</u>
Total Pension Liability - Ending	<u>\$ 580,626</u>	<u>\$ 589,349</u>	<u>\$ 578,155</u>	<u>\$ 587,337</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Pension Plan Net Investment Income	46,005	18,105	6,628	24,145
Benefit Payments	(56,700)	(57,225)	(57,905)	(53,550)
Pension Plan Administrative Expense	(10,873)	(813)	(1,838)	(941)
State of Colorado supplemental discretionary payment	<u>-</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Net Change in Plan Fiduciary Net Position	<u>(5,568)</u>	<u>(9,533)</u>	<u>(22,715)</u>	<u>54</u>
Total Plan Fiduciary Net Position - Beginning	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>	<u>372,946</u>
Total Plan Fiduciary - Ending	<u>\$ 335,184</u>	<u>\$ 340,752</u>	<u>\$ 350,285</u>	<u>\$ 373,000</u>
Net Pension Liability (Asset)				
Total Pension Liability - Ending	\$ 580,626	\$ 589,349	\$ 578,155	\$ 587,337
Total Plan Fiduciary - Ending	<u>335,184</u>	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>
Net Pension Liability (Asset)	<u>\$ 245,442</u>	<u>\$ 248,597</u>	<u>\$ 227,870</u>	<u>\$ 214,337</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	57.73%	57.82%	60.59%	63.51%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

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

City of Manitou Springs, Colorado
Schedule of City Contributions
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2021

Fiscal Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
	(a)	(b)	(a) - (b)		
2014	\$ 19,672	\$ 19,672	\$ -	N/A	N/A
2015	\$ 21,799	\$ 21,799	\$ -	N/A	N/A
2016	\$ 21,799	\$ 21,799	\$ -	N/A	N/A
2017	\$ 21,799	\$ 21,799	\$ -	N/A	N/A
2018	\$ 21,799	\$ 21,799	\$ -	N/A	N/A
2019	\$ 16,956	\$ 16,956	\$ -	N/A	N/A
2020	\$ 18,730	\$ 18,730	\$ -	N/A	N/A
2021	\$ 18,730	\$ 18,730	\$ -	N/A	N/A

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

NOTES:

Actuarial Valuation Date:

1/1/2018

Actuarially determined contribution rates are calculated as of January 1 of even numbered years.

Actuarial Cost Method:

Entry Age Normal

Amortization Method:

Level Dollar, Open

Remaining Amortization Period:

20 years *

Asset Valuation Method:

5-Year Smoothed Fair Value

Inflation:

2.50%

Salary Increases:

N/A

Investment Rate of Return

7.50%

Retirement Age:

Any remaining actives are assumed to retire immediately

Mortality:

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

Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

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

City of Manitou Springs, Colorado
Schedule of City Contributions
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2021

Fiscal Year Ending December 31,	Actuarially Determined Contribution*	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
	(a)	(b)	(a) - (b)		
2014	\$ 25,311	\$ 30,400	\$ (5,089)	N/A	N/A
2015	\$ 26,859	\$ 30,400	\$ (3,541)	N/A	N/A
2016	\$ 26,859	\$ 30,400	\$ (3,541)	N/A	N/A
2017	\$ 26,859	\$ 30,400	\$ (3,541)	N/A	N/A
2018	\$ 26,859	\$ 30,400	\$ (3,541)	N/A	N/A
2019	\$ 28,688	\$ 44,800	\$ (16,112)	N/A	N/A
2020	\$ 28,688	\$ 21,765	\$ 6,923	N/A	N/A
2021	\$ 41,352	\$ 36,165	\$ 5,187	N/A	N/A

* - Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer and State of Colorado Supplemental Discretionary Payment.

NOTES:

Actuarial Valuation Date:	1/1/2018
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar, Open
Remaining Amortization Period:	20 years *
Asset Valuation Method:	5-Year Smoothed Fair Value
Inflation:	2.50%
Salary Increases:	N/A
Investment Rate of Return	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

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

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

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 2021

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

The City follows these procedures to establish the budgetary information reflected in the financial statements:

- In September, Management submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Budgets amended by the City Council during the year have been presented in the budgetary comparison schedules for each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

For the year ended December 31, 2021, the Law Enforcement Fund, Storm Drainage Fund and Water Fund expenditures exceeded the budgeted amounts. These may be violations of State statutes.

Note 2: Defined Benefit Pension Plans

FPPA Police and Fire Statewide Defined Benefit Plans

Changes in Plan Provisions – The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2021 as a result of member election.

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

Changes of Assumptions – Beginning in the January 1, 2014, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 2021

Note 2: Defined Benefit Pension Plans (Continued)

Local Government Division Trust Fund Defined Benefit Plan (PERA)

The Public Employees' Retirement Association of Colorado Local Government Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The City's contributions and related ratios represent cash contributions and any related accruals that coincide with the City's fiscal year ending on the subsequent December 31.

Changes in Assumptions and Other Inputs – For the year ended December 31, 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Supplementary Information

Combining and Individual Fund Statements and Schedules

City of Manitou Springs, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds				Capital Project Funds			Total
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	Mach Fund	El Paso/ Beckers Park Fund	Downtown Public Facilities Fund	Rural Transportation Authority Fund	
Assets								
Cash and Investments	\$ 437,733	\$ 278,638	\$ 28,456	\$ 422,375	\$ 229,894	\$ 142,150	\$ (530,516)	\$ 1,008,730
Property Taxes Receivable	65,119	-	-	-	81,399	-	-	146,518
Accounts Receivable	-	-	-	68,831	-	-	-	68,831
Due From Other Governments	22,944	-	-	-	-	-	618,648	641,592
Total Assets	<u>\$ 525,796</u>	<u>\$ 278,638</u>	<u>\$ 28,456</u>	<u>\$ 491,206</u>	<u>\$ 311,293</u>	<u>\$ 142,150</u>	<u>\$ 88,132</u>	<u>\$ 1,865,671</u>
Liabilities								
Accounts Payable	\$ 524	\$ 28,165	\$ 27,234	\$ -	\$ 2,424	\$ -	\$ 88,132	\$ 146,479
Total Liabilities	<u>\$ 524</u>	<u>\$ 28,165</u>	<u>\$ 27,234</u>	<u>\$ -</u>	<u>\$ 2,424</u>	<u>\$ -</u>	<u>\$ 88,132</u>	<u>\$ 146,479</u>
Deferred Inflows of Resources								
Deferred Property Tax Revenue	\$ 65,119	\$ -	\$ -	\$ -	\$ 81,399	\$ -	\$ -	\$ 146,518
Fund Balance								
Restricted								
Parks and Open Space	460,153	250,473	-	491,206	227,470	-	-	1,429,302
Law Enforcement	-	-	1,222	-	-	-	-	1,222
Assigned to Capital Projects								
Capital Projects	-	-	-	-	-	142,150	-	142,150
Total Fund Balance	<u>460,153</u>	<u>250,473</u>	<u>1,222</u>	<u>491,206</u>	<u>227,470</u>	<u>142,150</u>	<u>-</u>	<u>1,572,674</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 525,796</u>	<u>\$ 278,638</u>	<u>\$ 28,456</u>	<u>\$ 491,206</u>	<u>\$ 311,293</u>	<u>\$ 142,150</u>	<u>\$ 88,132</u>	<u>\$ 1,865,671</u>

City of Manitou Springs, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds				Capital Projects Funds		Total	
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	Mach Fund	El Paso/ Becker Park Fund	Downtown Public Facilities Fund		Rural Transportation Authority Fund
Revenues								
Taxes	\$ 216,303	\$ -	\$ -	\$ 489,628	\$ 69,980	\$ -	\$ -	\$ 775,911
Intergovernmental	-	65,021	-	-	-	-	1,289,195	1,354,216
Fines and Forfeitures	-	-	13,325	-	-	-	-	13,325
Contributions/Donations	-	-	-	-	-	-	-	-
Investment Income	114	131	-	-	-	-	-	245
Other Income	3,947	-	-	-	-	-	-	3,947
	-	-	-	-	-	-	-	-
Total Revenues	<u>220,364</u>	<u>65,152</u>	<u>13,325</u>	<u>489,628</u>	<u>69,980</u>	<u>-</u>	<u>1,289,195</u>	<u>2,147,644</u>
Expenditures								
Public Works	21,951	-	-	-	-	-	-	21,951
Culture and Recreation	630	99,240	-	225,850	50,714	-	-	376,434
Capital Outlay	-	-	27,314	-	-	-	1,292,508	1,319,822
Debt Service								
Principal	52,446	-	-	-	-	-	-	52,446
Interest and Fiscal Charges	6,960	-	-	-	-	-	-	6,960
	-	-	-	-	-	-	-	-
Total Expenditures	<u>81,987</u>	<u>99,240</u>	<u>27,314</u>	<u>225,850</u>	<u>50,714</u>	<u>-</u>	<u>1,292,508</u>	<u>1,777,613</u>
Excess Revenues Over (Under) Expenditures	<u>138,377</u>	<u>(34,088)</u>	<u>(13,989)</u>	<u>263,778</u>	<u>19,266</u>	<u>-</u>	<u>(3,313)</u>	<u>370,031</u>
Other Financing Sources (Uses)								
Transfers Out	<u>(9,000)</u>	<u>-</u>	<u>(1,420)</u>	<u>-</u>	<u>(60,791)</u>	<u>-</u>	<u>-</u>	<u>(71,211)</u>
Net Change in Fund Balance	129,377	(34,088)	(15,409)	263,778	(41,525)	-	(3,313)	298,820
Fund Balance, Beginning of year	<u>330,776</u>	<u>284,561</u>	<u>16,631</u>	<u>227,428</u>	<u>268,995</u>	<u>142,150</u>	<u>3,313</u>	<u>1,273,854</u>
Fund Balance, End of year	<u>\$ 460,153</u>	<u>\$ 250,473</u>	<u>\$ 1,222</u>	<u>\$ 491,206</u>	<u>\$ 227,470</u>	<u>\$ 142,150</u>	<u>\$ -</u>	<u>\$ 1,572,674</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Open Space Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 56,288	\$ 56,288	\$ 55,928	\$ (360)
Sales Tax	115,000	144,600	160,375	15,775
Investment Income	-	-	114	114
Miscellaneous	-	-	3,947	3,947
Total Revenues	<u>171,288</u>	<u>200,888</u>	<u>220,364</u>	<u>19,476</u>
Expenditures				
Debt Service	59,506	59,506	59,406	100
Other Funds and Capital	218,200	155,400	22,581	132,819
Total Expenditures	<u>277,706</u>	<u>214,906</u>	<u>81,987</u>	<u>132,919</u>
Excess Revenues Over (Under) Expenditures	(106,418)	(14,018)	138,377	152,395
Other Financing Sources (Uses)				
Transfers Out	-	-	(9,000)	(9,000)
Net Change in Fund Balance	(106,418)	(14,018)	129,377	143,395
Fund Balance, Beginning of year	<u>224,358</u>	<u>316,758</u>	<u>330,776</u>	<u>14,018</u>
Fund Balance, End of year	<u>\$ 117,940</u>	<u>\$ 302,740</u>	<u>\$ 460,153</u>	<u>\$ 157,413</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Government Shared Revenues	\$ 50,000	\$ 48,000	\$ 65,021	\$ 17,021
Interest	800	185	131	(54)
Total Revenues	<u>50,800</u>	<u>48,185</u>	<u>65,152</u>	<u>16,967</u>
Expenditures				
Parks and Recreation	<u>174,000</u>	<u>174,000</u>	<u>99,240</u>	<u>74,760</u>
Total Expenditures	<u>174,000</u>	<u>174,000</u>	<u>99,240</u>	<u>74,760</u>
Net Change in Fund Balance	(123,200)	(125,815)	(34,088)	91,727
Fund Balance, Beginning of year	<u>169,546</u>	<u>158,746</u>	<u>284,561</u>	<u>125,815</u>
Fund Balance, End of year	<u><u>\$ 46,346</u></u>	<u><u>\$ 32,931</u></u>	<u><u>\$ 250,473</u></u>	<u><u>\$ 217,542</u></u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Law Enforcement Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	\$ 23,000	\$ 12,150	\$ 13,325	\$ 1,175
Intergovernmental	2,250	2,250	-	(2,250)
Total Revenues	<u>25,250</u>	<u>14,400</u>	<u>13,325</u>	<u>(1,075)</u>
Expenditures				
Capital Outlay	<u>21,420</u>	<u>21,420</u>	<u>27,314</u>	<u>(5,894)</u>
Total Expenditures	<u>21,420</u>	<u>21,420</u>	<u>27,314</u>	<u>(5,894)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(1,420)</u>	<u>(1,420)</u>
Net Change in Fund Balance	3,830	(7,020)	(15,409)	(8,389)
Fund Balance, Beginning of year	<u>9,611</u>	<u>9,611</u>	<u>16,631</u>	<u>7,020</u>
Fund Balance, End of year	<u>\$ 13,441</u>	<u>\$ 2,591</u>	<u>\$ 1,222</u>	<u>\$ (1,369)</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Mach Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 352,800	\$ 443,600	\$ 489,628	\$ 46,028
Total Revenues	352,800	443,600	489,628	46,028
Expenditures				
Culture and Recreation	126,700	227,682	225,850	1,832
Total Expenditures	126,700	227,682	225,850	1,832
Net Change in Fund Balance	226,100	215,918	263,778	47,860
Fund Balance, Beginning of year	245,244	230,050	227,428	(2,622)
Fund Balance, End of year	<u>\$ 471,344</u>	<u>\$ 445,968</u>	<u>\$ 491,206</u>	<u>\$ 45,238</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 El Paso/ Beckers Park Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 70,360	\$ 70,247	\$ 69,980	\$ (267)
Total Revenues	70,360	70,247	69,980	(267)
Expenditures				
Culture and Recreation	118,246	118,133	50,714	67,419
Total Expenditures	118,246	118,133	50,714	67,419
Excess of Revenues Over Under Expenditures	(47,886)	(47,886)	19,266	67,152
Other Financing Sources (Uses)				
Transfers Out	-	-	(60,791)	(60,791)
Net Change in Fund Balance	(47,886)	(47,886)	(41,525)	6,361
Fund Balance, Beginning of year	221,108	221,108	268,995	47,887
Fund Balance, End of year	<u>\$ 173,222</u>	<u>\$ 173,222</u>	<u>\$ 227,470</u>	<u>\$ 54,248</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Rural Transportation Authority Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 2,056,484	\$ 2,056,485	\$ 1,289,195	\$ (767,290)
Total Revenues	<u>2,056,484</u>	<u>2,056,485</u>	<u>1,289,195</u>	<u>(767,290)</u>
Expenditures				
Capital Outlay	<u>2,056,485</u>	<u>2,056,485</u>	<u>1,292,508</u>	<u>763,977</u>
Total Expenditures	<u>2,056,485</u>	<u>2,056,485</u>	<u>1,292,508</u>	<u>763,977</u>
Excess Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(3,313)</u>	<u>(3,313)</u>
Net Change in Fund Balance	(1)	-	(3,313)	(3,313)
Fund Balance, Beginning of year	<u>3,314</u>	<u>3,313</u>	<u>3,313</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 3,313</u>	<u>\$ 3,313</u>	<u>\$ -</u>	<u>\$ (3,313)</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Storm Drainage Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Special Assessments	\$ 386,000	\$ 386,000	\$ 388,402	\$ 2,402
Grants and Donations	-	83,925	11	(83,914)
Interest	-	400	289	(111)
Miscellaneous	-	-	(74,890)	(74,890)
	<u>386,000</u>	<u>470,325</u>	<u>313,812</u>	<u>(156,513)</u>
Total Revenues				
	<u>386,000</u>	<u>470,325</u>	<u>313,812</u>	<u>(156,513)</u>
Expenses				
Operations and Maintenance	280,941	291,207	379,466	(88,259)
Capital Outlay	60,000	92,286	-	92,286
Debt Service	32,792	34,991	43,904	(8,913)
	<u>373,733</u>	<u>418,484</u>	<u>423,370</u>	<u>(4,886)</u>
Total Expenditures				
	<u>373,733</u>	<u>418,484</u>	<u>423,370</u>	<u>(4,886)</u>
Net Income Budget Basis	<u>\$ 12,267</u>	<u>\$ 51,841</u>	(109,558)	<u>\$ (161,399)</u>
GAAP Basis Adjustments				
Depreciation			(408,055)	
Gain on Capital Asset Disposal			5,521	
Debt Principal			42,270	
			<u>9,216,361</u>	
Net Position, Beginning			<u>9,216,361</u>	
Net Position, Ending			<u>\$ 8,746,539</u>	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 1,802,444	\$ 1,704,367	\$ 1,676,911	\$ (27,456)
Grants	-	677,388	-	(677,388)
Interest	4,000	800	653	(147)
Miscellaneous	-	-	7,720	7,720
Tap Fees	350,000	1,177,200	44,698	(1,132,502)
Total Revenue	2,156,444	3,559,755	1,729,982	(1,829,773)
Expenses				
Operations	1,907,386	1,864,251	733,181	1,131,070
Capital Outlay	15,000	842,200	1,125,471	(283,271)
Debt Service	288,908	282,196	283,351	(1,155)
Transfers Out	3,000	3,000	127,144	(124,144)
Total Expenses	2,214,294	2,991,647	2,269,147	722,500
<i>Net Income Budget Basis</i>	\$ (57,850)	\$ 568,108	(539,165)	\$ (1,107,273)
Reconciliation to GAAP Basis				
Depreciation			(495,327)	
Capital Outlay			1,125,471	
Loss on Capital Asset Disposal			3,962	
Debt Principal			255,774	
Change in Net Position, GAAP Basis			\$ 350,715	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 1,330,184	\$ 1,255,874	\$ 1,280,373	\$ 24,499
Miscellaneous	-	-	558	558
Interest Income	-	-	874	874
Capital Contributions	-	554,400	13,475	(540,925)
	<u>1,330,184</u>	<u>1,810,274</u>	<u>1,295,280</u>	<u>(514,994)</u>
Expenses				
Operations	1,110,877	1,084,267	1,037,428	46,839
Capital Outlay	111,200	665,600	622,920	42,680
Debt Service	72,404	57,873	59,086	(1,213)
Transfers Out	250	250	56,713	(56,463)
	<u>1,294,731</u>	<u>1,807,990</u>	<u>1,776,147</u>	<u>31,843</u>
<i>Net Income Budget Basis</i>	<u>\$ 35,453</u>	<u>\$ 2,284</u>	(480,867)	<u>\$ (483,151)</u>
Reconciliation to GAAP Basis				
Depreciation			(195,767)	
Capital Outlay			622,920	
Loss on Capital Asset Disposal			2,740	
Debt Principal			48,099	
Change in Net Position, GAAP Basis			<u>\$ (2,875)</u>	

City of Manitou Springs, Colorado
Change in Fiduciary Net Position
Agency Fund
For the Year Ended December 31, 2021

	Balance 12/31/20	Additions	Deductions	Balance 12/31/21
Treasurer				
<i>Assets</i>				
Cash and Investments	\$ 111,628	\$ 287,774	\$ (111,628)	\$ 287,774
Property Taxes Receivable	3,933	4,419	(3,933)	4,419
Accounts Receivable	0	37	-	37
Due from other Governments	43	-	(43)	-
	<u>115,604</u>	<u>292,230</u>	<u>(115,604)</u>	<u>292,230</u>
 <i>Liabilities</i>				
Accounts Payable	\$ 0	\$ 347	\$ -	\$ 347
Due to Metropolitan District	111,671	287,464	(111,671)	287,464
	<u>111,671</u>	<u>287,811</u>	<u>(111,671)</u>	<u>287,811</u>
 <i>Deferred Inflows of Resources</i>				
Deferred Property Tax Revenues	3,933	4,419	(3,933)	4,419
	<u>3,933</u>	<u>4,419</u>	<u>(3,933)</u>	<u>4,419</u>
Total Liabilities and Deferred Inflows	<u>\$ 115,604</u>	<u>292,230</u>	<u>(115,604)</u>	<u>292,230</u>

Compliance Section



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

Honorable Mayor and Members of the City Council
City of Manitou Springs, Colorado
Manitou Springs, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manitou Springs (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated July 29, 2022.

Internal Control Over Financial Reporting

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

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

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Compliance and Other Matters

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

Purpose of this Report

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

Hick & Company, PC

Englewood, Colorado
July 29, 2022





**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

Board of County Commissioners
City of Manitou Springs, Colorado
Manitou Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.



Report on Internal Control Over Compliance (Continued)

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City. We issued our report thereon dated July 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.



Honorable Mayor and Members of the City Council
Manitou Springs, Colorado
Page 4

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

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hick & Company, PC

Englewood, Colorado
July 29, 2022



City of Manitou Springs, Colorado
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2021

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of Auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
20.205	Highway Planning and Construction (Federal-Aid Highway Program)

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

Auditee qualified as low-risk auditee? Yes No

City of Manitou Springs, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

(Continued)

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Awards Findings and Questioned Costs

No current year findings or questioned costs were reported.

City of Manitou Springs, Colorado
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

Section I: Financial Statement Findings

None reported for the year ended December 31, 2020.

Section II: Federal Award Findings and Questioned Costs

None reported for the year ended December 31, 2020.

City of Manitou Springs, Colorado
Schedule of Expenditures Federal Awards
For the Year Ended December 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity's Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Pass-through: Colorado Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program)	20.205	17-HA2-XC-000 15	\$ <u>2,423,430</u>
Total U.S. Department of Transportation			2,423,430
Environmental Protection Agency (EPA)			
Pass-through: Colorado Water Resources and Power Development Authority Drinking Water State Revolving Fund Cluster	66.458		<u>1,341,810</u>
Total Environmental Protection Agency (EPA)			<u>1,341,810</u>
Total Federal Financial Assistance			<u>\$ 3,765,240</u>

City of Manitou Springs, Colorado
Notes to Schedule of Expenditures of Awards
For the Year Ended December 31, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Manitou Springs (the City) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Administrative Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are generally reported using the cash basis of accounting. Such expenditures are recognized following, as applicable, either the Cost Principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in the Uniform Guidance. As such, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The City of Manitou Springs has elected not to use the 10 percent de minimis indirect cost rate allowed

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of City of Manitou Springs)		Prepared By: Rebecca Davis Phone: 719-685-2548

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES	III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES
--	--

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,303,381
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	471,914
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	14,733
2. General fund appropriations	1,345,501	b. Snow and ice removal	
3. Other local imposts (from page 2)	982,368	c. Other-street lighting & patching	51,404
4. Miscellaneous local receipts (from page 2)	72,470	d. Total (a. through c.)	66,137
5. Transfers from toll facilities		4. General administration & miscellaneous	22,401
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,180,181
a. Bonds - Original Issues		6. Total (1 through 5)	5,044,014
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)	2,400,339	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	220,245	2. Notes:	
D. Receipts from Federal Government (from page 2)	2,423,430	a. Interest	
E. Total receipts (A.7 + B + C + D)	5,044,014	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)	5,044,014

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
		5,044,014	5,044,014		0

Notes and Comments: