

City of Manitou Springs, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2023



City of Manitou Springs, Colorado

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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 financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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 GAS 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 GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

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

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.

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 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hill & Company, PC

Englewood, Colorado
July 29, 2024



City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2023

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, 2023. 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 \$60,369,540 (net position) for the primary reporting entity. Of this amount \$18,562,428 (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 \$7,010,592 during the fiscal year.
- As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$15,851,025.
- The *governmental funds* reported total unrestricted/unassigned fund balances of \$7,131,456.

City of Manitou Springs, Colorado

Management's Discussion and Analysis

December 31, 2023

-
- 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 232 days, or approximately 7 months.
 - The City's total debt, including accrued compensated absences, increased by \$227,067 during the current fiscal year. Existing debt was reduced by principal payments (not including compensated absences) totaling \$857,852.
 - General Fund sales/use tax revenue in 2023, \$9,740,676, decreased by 4.65% or \$452,715, from 2022 sales/use tax revenue of \$10,193,394.

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, 2023

Both 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 the MACH Fund. The business-related activities of the City include Water, Sewer, Storm Drainage utilities and the Mobility & Parking Enterprise Fund which is supported by parking revenues. 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. The URA receives a property tax increment, and 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, 2023

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, storm drainage and mobility/parking 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 \$60,369,540 at the close of the fiscal year.
- The City's net investment in capital assets is \$39,758,647. 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* \$18,562,428 may be used to meet the government's ongoing obligations to citizens and creditors.
- 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, Colorado
Management's Discussion and Analysis
December 31, 2023

CITY OF MANITOU SPRINGS NET POSITION

Governmental activities: Governmental activities increased the City's net position by \$5,181,232. In 2023, sales tax/use revenues, \$10,377,580 comprised approximately 68% of all governmental activities' revenues and transfers. This is a decrease in percentage of 12.66% from 2022, which was 80.66% of all governmental revenues and transfers. While this decrease is partially due to decreased sales tax, it is also due to increased investment revenue from a higher interest rate and increased property tax revenues from increased property values.

Business-Type activities: Business-type activities increased the City's net position by \$1,829,360. The Water Fund had an increase in net position of \$217,829. The Sewer Fund an increase of \$336,468. The Storm Drainage fund a decrease of \$135,477, and the Mobility & Parking Enterprise's increase was \$1,410,540. 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. Storm Drainage's decrease is due to operation costs being higher than revenues. A rate study begun in 2023, for water/sewer, will be presented to City Council in 2024. A rate study for Storm Drainage was presented in 2023 and the Storm Drainage fee was increased at midyear.

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$15,333,184	\$18,514,701	\$8,451,523	\$8,883,501	\$23,784,707	\$27,398,202
Non-current assets	22,774,515	24,135,297	19,130,167	20,565,189	41,904,682	44,700,486
Total assets	38,107,699	42,649,998	27,581,690	29,448,690	65,689,389	72,098,688
Deferred Outflows of Resources	881,260	3,114,852	84,835	555,889	966,095	3,670,741
Total current liabilities	1,886,232	1,497,392	1,681,600	1,535,440	3,567,832	3,032,832
Total non-current liabilities	1,729,976	6,324,214	3,531,477	4,707,757	5,261,453	11,031,971
Total Liabilities	3,616,208	7,821,606	5,213,077	6,243,197	8,829,285	14,064,803
Deferred Inflows of Resources	3,928,368	1,317,629	538,883	17,457	4,467,251	1,335,086
Net Position:						
Net Investment in Capital Assets	20,629,456	22,765,992	15,603,207	16,992,655	36,232,663	39,758,647
Restricted	2,344,635	2,048,465	81,204		2,425,839	2,048,465
Unrestricted	8,470,292	11,811,158	6,230,154	6,751,270	14,700,446	18,562,428
Total net position	\$31,444,383	\$36,625,615	\$21,914,565	\$23,743,925	\$53,358,948	\$60,369,540

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2023

CHANGES IN NET POSITION

Revenues:	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Program Revenues:						
Charges for Services	\$476,598	\$577,055	\$5,601,629	\$6,835,014	\$6,078,227	\$7,412,069
Operating Grants and Contributions	2,777,101	3,947,160	338,959	887,267	3,116,060	4,834,427
Capital Grants and Contributions	-	-	1,153,256	86,968	1,153,256	86,968
General Revenues						
Taxes	13,797,621	14,046,009	-	-	13,797,621	14,046,009
Investment Income	116,192	669,382	76,991	332,641	193,183	1,002,023
Other	(357,243)	241,271	6,533	137,642	(350,710)	378,913
Total General & Program Revenues	16,810,269	19,480,877	7,177,368	8,279,532	23,987,637	27,760,409
Transfers	(138,205)	320,845	102,918	(320,845)	(35,287)	-
Total Revenues	16,672,064	19,801,722	7,280,286	7,958,687	23,952,350	27,760,409
Expenses:						
General Government	3,273,286	5,436,328	-	-	3,273,286	5,436,328
Public Safety	3,227,954	3,960,637	-	-	3,227,954	3,960,637
Public Works	1,330,171	1,543,461	-	-	1,330,171	1,543,461
Parks & Recreation	2,123,679	2,455,918	-	-	2,123,679	2,455,918
Capital Outlay	924,967	1,299,877	-	-	924,967	1,299,877
Interest on Long term Debt	45,976	(75,731)	-	-		(75,731)
Business-type Activities	-	-	4,718,955	6,129,327	4,718,955	6,129,327
Total Expenses	10,926,033	14,620,490	4,718,955	6,129,327	15,644,988	20,749,817
Increase (Decrease) in Net Position	5,746,031	5,181,232	2,561,331	1,829,360	8,307,362	7,010,592
Beginning Net Position	25,698,352	31,444,383	19,353,234	21,914,565	45,051,586	53,358,948
Ending Net Position	\$31,444,383	\$36,625,615	\$21,914,565	\$23,743,925	\$53,358,948	\$60,369,540

The City's total net position increased by \$7,010,592 during the current fiscal year.

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 \$15,851,025. Of this total amount, 45% or \$7,131,456 constitutes *unrestricted/unassigned fund balance*. The remainder of the fund balance is *restricted, committed or assigned* to indicate that it is not available for new spending.

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2023

General Fund total revenues exceeded expenditures by \$3,282,619 (not including transfers). Transfers out totaled \$3,321,085. The net fund balance increased by \$423,847. The General Fund finished 2023 with an ending fund balance of \$7,313,560. This includes restricted, committed, assigned as well as unassigned fund balances. Sales tax decreased by \$442,423 from 2023. This is attributed to a decrease in retail marijuana sales which is being experienced statewide. More states are legalizing retail marijuana, and this is impacting Colorado's sales.

The Capital Improvements Fund funded a lease purchase in 2023, with an interest rate of 3.98%, in the amount of \$431,105 for two police vehicles, four police radios, a Polaris for neighborhood services, and half of a Type 3 Fire engine. The other half of the fire engine is being funded by a transfer from the General Fund. In addition to half of a type 3 fire engine, the transfer from the General Fund, in the amount of \$3,321,085, funded lease purchase principal and interest payments totaling \$423,123. And, the transfer funded the following equipment purchase: Exhaust systems for the bays in the Fire Department and in Public Works, a heater for the bay area in the Fire Department, updated Tasers, rifles and ballistic shields for the police department, a police car for the chief, a new scissor lift, a salt brine mixer, a truck sand spreader, two Ventrac tractors, a skid steer heavy road grading blade, a trailer for mowing equipment, an F250 truck, a grapple, a crack sealer trailer, a vibrating dirt sifter, an equipment hauler for the Public Works department, and replacement computers. The transfer also funded City Hall improvements (administration remodel and an upcoming police station remodel), contributed to the Carnegie Library and Hiawatha Gardens remodels, EMS transport capital needs, the Pawnee land purchase, pool improvements, ADA critical needs, and improvements to Soda Springs Park. Also, \$97,897 was transferred from the committed library fund balance in the General Fund to the Committed Library fund balance in the Capital Improvements fund to consolidate the library remodel funds. Additional capital & infrastructure expenditures, ADA improvements, a fire training tower, and mobility projects implementation, were funded by East End generated sales tax which was provided in previous years by the URA forgoing its sales tax TIF and dedicated to capital improvements. At this point in time, the City provides the URA with the sales tax only for specific projects. Finally, the City has benefited from multiple grants. These include a multi-year improvement project on the Ruxton corridor which is being funded by a Pikes Peak Area Council of Governments (PPCOG) grant through the Colorado Department of Transportation (CDOT), which provided an inflow of cash of \$149,160 for design costs. This same grant source provided \$534,970 for the Creek Walk Trail. Other grants include a state Transportation Alternatives Program (TAP) grant providing \$26,232, also, for the Creek Walk Trail; a State Energy/Mineral Impact Assistance (EIAF) grant for \$23,738 for design of the police station remodel; a Federal Stimulus grant for broadband installation for \$179,314; and, \$9,496 from 911 as a reimbursement for part of the cost of updating the alarm alerting system at the fire station. Also, \$851,293 from a land sale was donated to the City, as part of the Timothy Jaynes bequest, which City Council allocated to the Carnegie Library remodel.

City of Manitou Springs, Colorado
Management's Discussion and Analysis
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Enterprise Funds

The Storm Drainage Fund's regular operations are funded through a \$15 fee, which was increased to \$17 at midyear, applied to all utility bills. The fund had an overall decrease in net position of \$135,477. This is due to depreciation in the amount of \$424,574. A Rate Study was performed in 2023 which caused the midyear \$2 increase, per a recommendation to City Council at the midyear budget amendment, with a recommendation of additional increases in the future.

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 390,700 gallons of fresh water per day in 2023. The Fund had an overall gain in net position of \$217,829. The City is coming to the end of a multiyear increase from a Rate Study performed in 2019 and had a new Rate Study started in 2023, which will be presented in 2024. Rates continue to increase to cover the increased costs of repairing and replacing aging infrastructure. Due to being landlocked the Water Fund cannot depend on tap fees for these capital costs. An average of two taps are sold on an annual basis.

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 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 increase of \$336,468.

The Mobility and Parking Fund was formed in 2022. Its purpose is to utilize parking fees to improve the City's mobility and help improve its parking issues. In 2023, the Chase bank property was purchased for this endeavor. In its second year, the ending net position is \$3,409,000.

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 \$340,601. This is attributed to conservative budgeting and increased investment revenues due to increased interest rates. Actual General Fund expenditures were less than the amended budgeted amount by \$1,077,852. This is attributed to salary savings and department heads maintaining type control of expenditures.

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2023

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of December 31, 2023, was \$44,700,486 (net of accumulated depreciation). Capital assets include land, buildings, improvements, infrastructure, machinery, equipment, and vehicles. Major additions to capital assets in 2023 included the completion of the MAPS project on the west side of Manitou Ave, the completion of the fire training tower, Creek Walk Phase 3, the City Hall administration remodel, purchase of property, a broadband fiber project, and various equipment for Public Works, Parks & Recreation, Police, and Fire; plus, additional funding for the Carnegie Library and Hiawatha Gardens remodel and pool improvements approved at the City Council budget retreat in February (see detail of equipment on page vii). The purchase of the Chase bank property, EV chargers, 2 electric trams and an electric utility vehicle for the Parking & Mobility fund, curb & gutter and sidewalk projects the Storm Drainage fund, and a water recycling vactor truck for the Sewer fund.

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	\$ 11,872,188	\$ 1,133,360	\$13,005,548
Construction in Progress	1,146,702	343,407	1,490,109
Buildings	3,241,913	325,238	3,567,151
Equipment and Vehicles	6,391,465	-	6,391,465
Collection and Distribution Improvements	-	32,150,665	32,150,665
Machinery and Equipment	-	5,881,618	5,881,618
Infrastructure	18,031,680	-	18,031,680
Total	40,683,948	39,834,288	80,518,236
Accumulated Depreciation	(16,548,651)	(19,269,099)	(35,817,750)
Net Capital Assets	\$ 24,135,297	\$ 20,565,189	\$ 44,700,486

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 \$4,941,840 (net of compensated absences). Of this amount, \$1,008,606 is from ARRA non-interest-bearing loans from 2009. For 2020, the City acquired two Environmental Protection Agency (EPA) 2.5% interest bearing loans currently totaling \$1,224,522. And, \$313,001 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 \$2,332,070 in lease purchases for various equipment and vehicles obtained in previous years, from 2013 through 2023. \$757,958 total debt (net of compensated absences) will be due in 2024.

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

City of Manitou Springs, Colorado
Management's Discussion and Analysis
December 31, 2023

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 2023 decreased in comparison to those in 2022 by 1.7%.

Since 2020, taxable sales have performed as follows.

FY2020	\$120,698,778
FY2021	\$159,512,039
FY2022	\$160,773,616
FY2023	\$157,991,621

All of the above facts were considered during the preparing of the City's budget for the 2024 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Manitou Springs Urban Renewal Authority
Assets				
Cash and Investments	\$ 15,001,554	\$ 7,981,780	\$ 22,983,334	\$ 809,245
Restricted Cash	311,700	8,608	320,308	-
Accounts Receivable	323,091	504,558	827,649	-
Property Taxes Receivable	1,166,284	-	1,166,284	187,543
Grants Receivable	1,055	388,555	389,610	-
Due from Other Governments	1,711,017	-	1,711,017	-
Capital Assets,				
Not being depreciated	8,498,085	1,281,584	9,779,669	-
Net of accumulated depreciation	15,637,212	19,283,605	34,920,817	-
 Total Assets	 42,649,998	 29,448,690	 72,098,688	 996,788
Deferred Outflows of Resources				
Pension Related Outflows of Resources	3,030,306	532,720	3,563,026	-
OPEB Related Outflows of Resources	84,546	23,169	107,715	-
Total Deferred Outflows of Resources	3,114,852	555,889	3,670,741	-
Liabilities				
Accounts Payable	1,277,448	412,862	1,690,310	3,210
Accrued Liabilities	219,944	22,809	242,753	-
Accrued Interest	-	26,966	26,966	-
Deferred Revenue	-	1,072,803	1,072,803	-
Noncurrent Liabilities				
Due Within One Year	540,658	446,485	987,143	-
Due in More Than One Year	1,030,657	3,153,225	4,183,882	-
Net Pension Liability	4,503,758	1,039,770	5,543,528	-
Net OPEB Liability	249,141	68,277	317,418	-
 Total Liabilities	 7,821,606	 6,243,197	 14,064,803	 3,210
Deferred Inflows of Resources				
Property Taxes	1,166,284	-	1,166,284	187,543
Pensions, Net of Accumulated Amortization	90,503	782	91,285	-
OPEB, Net of Accumulated Amortization	60,842	16,675	77,517	-
Total Deferred Inflows of Resources	1,317,629	17,457	1,335,086	187,543
Net Position				
Net Investment in Capital Assets	22,765,992	16,992,655	39,758,647	-
Restricted				
Capital Projects	311,700	-	311,700	-
Parks and Open Space	1,710,305	-	1,710,305	-
Law Enforcement	26,460	-	26,460	-
Unrestricted	11,811,158	6,751,270	18,562,428	806,035
 Total Net Position	 \$ 36,625,615	 \$ 23,743,925	 \$ 60,369,540	 \$ 806,035

See Notes to the Financial Statements.

City of Manitou Springs, Colorado

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government						Manitou Springs Urban Renewal Authority
Governmental Activities						
General Government	\$ 5,436,328	\$ 176,254	\$ 9,136	\$ -	\$ (5,250,938)	\$ -
Public Safety	3,960,637	212,569	183,154	-	(3,564,914)	-
Public Works	1,543,461	58,500	623,911	-	(861,050)	-
Parks and Recreation	2,455,918	129,732	1,685,897	-	(640,289)	-
Capital Outlay	1,299,877	-	1,445,062	-	145,185	-
Interest on Long-Term Debt	(75,731)	-	-	-	75,731	-
Total Governmental Activities	14,620,490	577,055	3,947,160	-	(10,096,275)	-
Business-Type Activities						
Storm Drainage	763,897	414,684	176,423	-	-	(172,790)
Water	2,067,700	1,931,234	270,370	69,990	-	203,894
Sewer	1,221,831	1,379,869	-	16,978	-	175,016
Mobility and Parking	2,075,899	3,109,227	440,474	-	-	1,473,802
Total Business-Type Activities	6,129,327	6,835,014	887,267	86,968	-	1,679,922
Total Primary Government	\$ 20,749,817	\$ 7,412,069	\$ 4,834,427	\$ 86,968	(10,096,275)	(8,416,353)
Component Unit						
Manitou Urban Renewal Authority	\$ 358,765	\$ -	\$ -	\$ -	-	(358,765)
General Revenues						
Property Taxes					1,252,395	126,467
Sales and Use Taxes					10,377,580	-
Amusement and Lodging					1,643,062	-
Franchise Fees					383,454	-
Auto Taxes					389,518	-
Fines and Forfeitures					75,468	-
Miscellaneous					10,945	-
Investment Income					669,382	91
Gain on Sale of Assets					154,858	-
Transfers					320,845	(320,845)
Total General Revenues and Transfers					15,277,507	15,426,945
Change in Net Position					5,181,232	7,010,592
NET POSITION, Beginning of year					31,444,383	53,358,948
NET POSITION, End of year					\$ 36,625,615	\$ 60,369,540
						\$ 806,035

See Notes to the Financial Statements.

City of Manitou Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2023

	General	Capital Improvements Fund	Other Governmental Funds	Total
Assets				
Cash and Investments	\$ 6,890,029	\$ 6,449,842	\$ 1,661,683	\$ 15,001,554
Restricted Cash and Investments	-	311,700	-	311,700
Property Taxes Receivable	925,422	56,842	184,020	1,166,284
Accounts Receivable	101,071	222,020	-	323,091
Grants Receivable	1,055	-	-	1,055
Due From Other Governments	1,563,279	-	147,738	1,711,017
 Total Assets	 <u>\$ 9,480,856</u>	 <u>\$ 7,040,404</u>	 <u>\$ 1,993,441</u>	 <u>\$ 18,514,701</u>
Liabilities				
Accounts Payable	\$ 1,021,930	\$ 203,163	\$ 52,355	\$ 1,277,448
Accrued Liabilities	219,944	-	-	219,944
 Total Liabilities	 <u>1,241,874</u>	 <u>203,163</u>	 <u>52,355</u>	 <u>1,497,392</u>
Deferred Inflows of Resources				
Property Taxes	925,422	56,842	184,020	1,166,284
Fund Balance				
Restricted				
Capital Projects	-	311,700	-	311,700
Parks and Open Space	-	-	1,710,305	1,710,305
Law Enforcement	-	-	26,460	26,460
Committed				
Imaging Technology	8,205	-	-	8,205
Capital Projects	-	685,773	-	685,773
Assigned				
Capital Projects	(1,000)	5,782,926	141,211	5,923,137
Parks and Trails	40,489	-	-	40,489
Police and Fire	13,500	-	-	13,500
Unrestricted, Unassigned	7,252,366	-	(120,910)	7,131,456
 Total Fund Balance	 <u>7,313,560</u>	 <u>6,780,399</u>	 <u>1,757,066</u>	 <u>15,851,025</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 9,480,856</u>	 <u>\$ 7,040,404</u>	 <u>\$ 1,993,441</u>	 <u>\$ 18,514,701</u>

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, 2023

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

Total Fund Balance of Governmental Funds	\$ 15,851,025
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	8,498,085
Capital assets, being depreciated	32,185,863
Accumulated depreciation	(16,548,651)
	<u>24,135,297</u>
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	(4,503,758)
Pension related deferred outflows of resources	3,030,306
Pension related deferred inflows of resources	(90,503)
Net OPEB liability	(249,141)
OPEB related deferred outflows of resources	84,546
OPEB related deferred inflows of resources	(60,842)
	<u>(1,789,392)</u>
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	(1,369,305)
Accrued compensated absences	(202,010)
	<u>(1,571,315)</u>
Total Net Position of Governmental Activities	\$ <u><u>36,625,615</u></u>

City of Manitou Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Capital Improvements Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 13,204,477	\$ 48,291	\$ 793,241	\$ 14,046,009
Licenses and Permits	201,757	-	-	201,757
Charges for Services	375,298	-	-	375,298
Intergovernmental	260,934	2,366,254	798,067	3,425,255
Fines and Forfeitures	59,753	-	15,715	75,468
Contributions and Donations	27,793	494,112	-	521,905
Investment Income	536,314	71,561	61,507	669,382
Miscellaneous	10,873	-	72	10,945
Total Revenues	<u>14,677,199</u>	<u>2,980,218</u>	<u>1,668,602</u>	<u>19,326,019</u>
Expenditures				
Current				
General Government	4,061,852	-	-	4,061,852
Public Safety	3,960,637	-	-	3,960,637
Public Works	1,407,785	1,646	8,243	1,417,674
Parks and Recreation	1,928,699	-	527,219	2,455,918
Capital Outlay	35,607	3,452,201	1,006,736	4,494,544
Debt Service				
Principal	-	384,651	-	384,651
Interest and Fiscal Charges	-	38,473	-	38,473
Total Expenditures	<u>11,394,580</u>	<u>3,876,971</u>	<u>1,542,198</u>	<u>16,813,749</u>
Excess Revenues Over (Under) Expenditures	<u>3,282,619</u>	<u>(896,753)</u>	<u>126,404</u>	<u>2,512,270</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	155,499	-	-	155,499
Debt Proceeds	-	545,309	-	545,309
Transfers In	306,814	3,321,085	79,025	3,706,924
Transfers Out	(3,321,085)	-	(64,994)	(3,386,079)
Other Financing Sources (Uses)	<u>(2,858,772)</u>	<u>3,866,394</u>	<u>14,031</u>	<u>1,021,653</u>
Net Change in Fund Balance	423,847	2,969,641	140,435	3,533,923
Fund Balance, Beginning of year	<u>6,889,713</u>	<u>3,810,758</u>	<u>1,616,631</u>	<u>12,317,102</u>
Fund Balance, End of year	<u>\$ 7,313,560</u>	<u>\$ 6,780,399</u>	<u>\$ 1,757,066</u>	<u>\$ 15,851,025</u>

See Notes to the Financial Statements.

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, 2023

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

Net Change in Fund Balance of Governmental Funds	\$ 3,533,923
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	3,194,667
Depreciation Expense	(1,011,036)
Disposals, net of accumulated depreciation	(641)
	<u>2,182,990</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	(5,325,966)
Change in Deferred Outflows Related to Pensions	2,219,794
Change in Deferred Inflows Related to Pensions	2,637,135
Change in Net OPEB Liability	4,854
Change in Deferred Outflows Related to OPEB	13,798
Change in Deferred Inflows Related to OPEB	10,038
	<u>(440,347)</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 long-term leases	384,651
Issuance of long-term leases	(431,105)
Change in accrued compensated absences	(48,880)
	<u>(48,880)</u>
Change in Net Position of Governmental Activities	\$ <u><u>5,181,232</u></u>

City of Manitou Springs, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2023

	Storm Drainage Fund	Water Fund	Sewer Fund	Mobility and Parking Fund	Totals
Assets					
<i>Current Assets</i>					
Cash and Investments	\$ 897,669	\$ 2,294,061	\$ 3,187,214	\$ 1,602,836	\$ 7,981,780
Restricted Cash and investments	8,608	-	-	-	8,608
Accounts Receivable	38,048	223,069	190,398	53,043	504,558
Grants Receivable	388,555	-	-	-	388,555
Total Current Assets	1,332,880	2,517,130	3,377,612	1,655,879	8,883,501
<i>Noncurrent Assets</i>					
Net Pension Asset	(150,334)	(382,361)	(150,334)	(356,741)	(1,039,770)
Capital Assets, Net of accumulated depreciation	7,736,938	8,367,771	2,406,293	2,054,187	20,565,189
Total Noncurrent Assets	7,586,604	7,985,410	2,255,959	1,697,446	19,525,419
Total Assets	<u>\$ 8,919,484</u>	<u>\$ 10,502,540</u>	<u>\$ 5,633,571</u>	<u>\$ 3,353,325</u>	<u>\$ 28,408,920</u>
Deferred Outflows of Resources	\$	\$	\$	\$	\$
Pension Related Outflows of Resources	77,023	195,900	77,023	182,774	532,720
OPEB Related Outflows of Resources	3,350	8,520	3,350	7,949	23,169
Total Deferred Outflows of Resources	<u>\$ 80,373</u>	<u>\$ 204,420</u>	<u>\$ 80,373</u>	<u>\$ 190,723</u>	<u>\$ 555,889</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	\$ 103,386	\$ 83,222	\$ 133,050	\$ 93,204	\$ 412,862
Accrued Liabilities	3,345	7,328	5,382	6,754	22,809
Accrued Compensated Absences	2,120	10,332	9,048	5,676	27,176
Accrued Interest Payable	6,228	6,601	14,137	-	26,966
Deferred Revenue	-	1,072,803	-	-	1,072,803
Leases Payable, Current Portion	63,449	17,927	78,507	-	159,883
Loans Payable, Current Portion	-	259,426	-	-	259,426
Total Current Liabilities	178,528	1,457,639	240,124	105,634	1,981,925
<i>Noncurrent Liabilities</i>					
Leases Payable	334,561	13,432	481,265	-	829,258
Loans Payable	-	1,838,470	485,497	-	2,323,967
Net OPEB Liability	9,872	25,108	9,872	23,425	68,277
Total Noncurrent Liabilities	344,433	1,877,010	976,634	23,425	3,221,502
Total Liabilities	522,961	3,334,649	1,216,758	129,059	5,203,427
Deferred Inflows of Financial Resources					
Pensions, Net of Accumulated Amortization	113	288	113	268	782
OPEB, Net of Accumulated Amortization	2,411	6,132	2,411	5,721	16,675
Total Deferred Inflows of Resources	2,524	6,420	2,524	5,989	17,457
Net Position					
Net Investment in Capital Assets	7,338,928	6,238,516	1,361,024	2,054,187	16,992,655
Unrestricted	1,135,444	1,127,375	3,133,638	1,354,813	6,751,270
Total Net Position	<u>\$ 8,474,372</u>	<u>\$ 7,365,891</u>	<u>\$ 4,494,662</u>	<u>\$ 3,409,000</u>	<u>\$ 23,743,925</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, 2023

	Storm Drainage Fund	Water Fund	Sewer Fund	Mobility and Parking Fund	Totals
Operating Revenues					
Charges for Services	\$ 414,684	\$ 1,931,234	\$ 1,379,869	\$ 3,109,227	\$ 6,835,014
Miscellaneous	-	634	849	-	1,483
Total Operating Revenues	414,684	1,931,868	1,380,718	3,109,227	6,836,497
Operating Expenses					
Operations	338,623	1,487,739	956,965	42,711	2,826,038
Capital Outlay	-	-	-	46,862	46,862
Mobility and Parking	-	-	-	1,796,407	1,796,407
Depreciation	424,574	548,925	238,566	189,919	1,401,984
Total Operating Expenses	763,197	2,036,664	1,195,531	2,075,899	6,071,291
Net Operating Income	(348,513)	(104,796)	185,187	1,033,328	765,206
Nonoperating Revenues					
Investment Income	38,713	113,102	126,593	54,233	332,641
Operating Grants and Contributions	176,423	270,370	-	440,474	887,267
Gain (Loss) on Sale of Capital Assets	-	41,409	94,750	-	136,159
Interest (Expense)	(700)	(31,036)	(26,300)	-	(58,036)
Net Income (Loss) Before Contributed Capital	(134,077)	289,049	380,230	1,528,035	2,063,237
Contributed Capital					
Tap Fees	-	69,990	16,978	-	86,968
Transfers Out	(1,400)	(141,210)	(60,740)	(117,495)	(320,845)
Total Capital Contributions and Transfers	(1,400)	(71,220)	(43,762)	(117,495)	(233,877)
Change in Net Position	(135,477)	217,829	336,468	1,410,540	1,829,360
Net Position, Beginning of year	8,609,849	7,148,062	4,158,194	1,998,460	21,914,565
Net Position, End of year	\$ 8,474,372	\$ 7,365,891	\$ 4,494,662	3,409,000	\$ 23,743,925

City of Manitou Springs, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Storm Drainage	Water	Sewer	Mobility and Parking	Total
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 410,071	\$ 1,633,611	\$ 1,450,768	\$ 3,056,184	\$ 6,550,634
Cash Received from Others	-	634	849	-	1,483
Cash Paid to Suppliers	(129,877)	(1,152,640)	(693,136)	(1,512,430)	(3,488,083)
Cash Paid to Employees	(91,183)	(309,590)	(191,096)	(322,266)	(914,135)
Net Cash Provided by Operating Activities	189,011	172,015	567,385	1,221,488	2,149,899
Cash Flows From Capital and Related Financing Activities					
Tap Fees Received	-	69,990	16,978	-	86,968
Acquisition and Construction of Capital Assets	(491,797)	(270,370)	(609,915)	(1,546,128)	(2,918,210)
Proceeds from Disposal of Capital Assets	-	41,409	94,750	-	136,159
Issuance of Debt	-	-	600,000	-	600,000
Debt Principal Payments	(65,266)	(279,816)	(128,140)	-	(473,222)
Debt Interest Payments	(2,229)	(33,150)	(15,009)	-	(50,388)
Operating Grants and Contributions	62,108	270,370	-	440,474	772,952
Transfers to Other Funds	(1,400)	(141,210)	(60,740)	(117,495)	(320,845)
Net Cash Used by Capital and Related Financing Activities	(498,584)	(342,777)	(102,076)	(1,223,149)	(2,166,586)
Cash Flows From Investing Activities					
Interest Received	38,713	113,102	126,593	54,233	332,641
Net Cash Used by Capital and Related Financing Activities	38,713	113,102	126,593	54,233	332,641
Net Change in Cash and Cash Equivalents	(270,860)	(57,660)	591,902	52,572	315,954
Cash and Cash Equivalents, Beginning of year	1,177,137	2,351,721	2,595,312	1,550,264	7,674,434
Cash and Cash Equivalents, End of year	<u>\$ 906,277</u>	<u>\$ 2,294,061</u>	<u>\$ 3,187,214</u>	<u>\$ 1,602,836</u>	<u>\$ 7,990,388</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities					
Net Operating Income	\$ (348,513)	\$ (104,796)	\$ 185,187	\$ 1,033,328	\$ 765,206
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	424,574	548,925	238,566	189,919	1,401,984
Changes in Assets and Liabilities Related to Operations					
Prepaid Expenses	-	-	-	12,301	12,301
Utility Receivable	(4,613)	(27,253)	70,899	(53,043)	(14,010)
Accounts Payable	117,736	33,271	71,542	42,042	264,591
Accrued Salaries and Benefits	(868)	(7,672)	(4,319)	(1,899)	(14,758)
Accrued Paid Time Off	695	(90)	5,510	(1,160)	4,955
Deferred Revenue	-	(270,370)	-	-	(270,370)
Net Cash Provided by Operating Activities	<u>\$ 189,011</u>	<u>\$ 172,015</u>	<u>\$ 567,385</u>	<u>\$ 1,221,488</u>	<u>\$ 2,149,899</u>
Reconciliation of cash and equivalents to the statement of net position					
Cash and Investments	\$ 897,669	\$ 2,294,061	\$ 3,187,214	\$ 1,602,836	\$ 7,981,780
Restricted Cash	8,608	-	-	-	8,608
Total Cash and Equivalents	<u>\$ 906,277</u>	<u>\$ 2,294,061</u>	<u>\$ 3,187,214</u>	<u>\$ 1,602,836</u>	<u>\$ 7,990,388</u>

See Notes to the Financial Statements.

City of Manitou Springs, Colorado
Statement of Fiduciary Net Position
Manitou Springs Metropolitan District
For the Year Ended December 31, 2023

	Manitou Springs Metropolitan District
Assets	
Cash and Investments	\$ 807,940
Property Taxes Receivable	<u>4,786</u>
Total Assets	<u>\$ 812,726</u>
Liabilities	
Accounts Payable	\$ 47
Due to Metropolitan District	<u>807,929</u>
Total Liabilities	807,976
Deferred Inflows of Resources	
Deferred Property Tax Revenues	<u>4,750</u>
Total Liabilities and Deferred Inflows	<u>\$ 812,726</u>

City of Manitou Springs, Colorado
Statement of Changes in Fiduciary Net Position
Manitou Springs Metropolitan District
For the Year Ended December 31, 2023

	Manitou Springs Metropolitan District
Additions	
Tax collections for other governments	\$ 5,057
Charges for Services	394,249
Intergovernmental	2,366,254
Net investment earnings	<u>26,924</u>
Total Additions	2,792,484
Deductions	
Administrative expense	133,211
Payments to other governments	<u>2,659,273</u>
Total Deductions	<u>2,792,484</u>
Net Increase in Fiduciary Net Position	-
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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 discreetly 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, 2023

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, 2023

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.

The *Mobility and Parking Fund* accounts for the financial activities associated with the provision of parking services.

Additionally, the City reports the following fiduciary fund type:

The *Manitou Springs Metropolitan District Fiduciary 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, 2023

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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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:

- *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, 2023.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

- *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, 2023, 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, 2023, 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 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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The City has evaluated subsequent events through July 29, 2024, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At December 31, 2023, cash and investments consisted of the following:

Cash is reported in the financial statements as follows:

Petty Cash	\$	800
Primary Government Cash and Investments	\$	22,983,334
Primary Government Restricted Cash and Investments		320,308
Urban Renewal Authority		809,245
Fiduciary Fund		<u>807,940</u>
Total	\$	<u>24,920,827</u>

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. As of December 31, 2023, the City and the URA had bank deposits of \$2,419,474 and \$559,245, respectively, collateralized with securities held by the financial institutions' agents but not in their name.

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.
- Certain international agency securities.
- General obligation and revenue bonds of U.S. local government entities.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 2: Cash and Investments (Continued)

Investments (Continued)

- 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, 2023, the City had \$21,318,500 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, 2023, 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, 2023

Note 3: Capital Assets

Capital asset governmental activity for the year ended December 31, 2023, is summarized below.

Governmental Activities	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital Assets, <i>Not Being Depreciated</i>				
Land	\$ 7,122,292	\$ 229,091	\$ -	\$ 7,351,383
Construction in Progress	<u>5,915,096</u>	<u>592,704</u>	<u>(5,361,098)</u>	<u>1,146,702</u>
Total Capital Assets, <i>Not Being Depreciated</i>	<u>13,037,388</u>	<u>821,795</u>	<u>(5,361,098)</u>	<u>8,498,085</u>
Capital Assets, <i>Being Depreciated</i>				
Land Improvements	4,520,805	-	-	4,520,805
Buildings	2,291,123	950,790	-	3,241,913
Infrastructure	12,238,908	5,792,772	-	18,031,680
Equipment and Vehicles	<u>5,707,170</u>	<u>990,408</u>	<u>(306,113)</u>	<u>6,391,465</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>24,758,006</u>	<u>7,733,970</u>	<u>(306,113)</u>	<u>32,185,863</u>
Capital Assets, <i>Not Being Depreciated</i> (Continued)				
Less Accumulated Depreciation				
Land Improvements	(2,376,218)	(177,131)	-	(2,553,349)
Buildings	(1,412,158)	(72,763)	-	(1,484,921)
Infrastructure	(8,369,596)	(222,112)	-	(8,591,708)
Equipment and Vehicles	<u>(3,685,115)</u>	<u>(539,030)</u>	<u>305,472</u>	<u>(3,918,673)</u>
Total Accumulated Depreciation	<u>(15,843,087)</u>	<u>(1,011,036)</u>	<u>305,472</u>	<u>(16,548,651)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>8,914,919</u>	<u>6,722,934</u>	<u>(641)</u>	<u>15,637,212</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 21,952,307</u>	<u>\$ 7,544,729</u>	<u>\$ (5,361,739)</u>	<u>\$ 24,135,297</u>

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

Governmental Activities	
General Government	\$ 304,389
Public Safety	383,935
Public Works	125,787
Parks and Recreation	<u>196,925</u>
Total	<u>\$ 1,011,036</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets (Continued)

Capital asset business-type activity for the year ended December 31, 2023, is summarized below.

Business-Type Activities	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
<i>Capital Assets, Not Being Depreciated</i>	\$	\$	\$	\$
Land	66,298	871,879	-	938,177
Construction in Progress	73,037	270,370	-	343,407
<i>Total Capital Assets, Not Being Depreciated</i>	<u>139,335</u>	<u>1,142,249</u>	<u>-</u>	<u>1,281,584</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	156,991	38,192	-	195,183
Buildings	-	325,238	-	325,238
Collection and Distribution System	32,150,665	-	-	32,150,665
Machinery and Equipment	4,920,043	1,412,532	(450,957)	5,881,618
<i>Total Capital Assets, Being Depreciated</i>	<u>37,227,699</u>	<u>1,775,962</u>	<u>(450,957)</u>	<u>38,552,704</u>
Less: Accumulated depreciation	<u>(18,318,071)</u>	<u>(1,374,980)</u>	<u>423,952</u>	<u>(19,269,099)</u>
<i>Total Capital Assets, Being Depreciated, net</i>	<u>18,909,628</u>	<u>400,982</u>	<u>(27,005)</u>	<u>19,283,605</u>
<i>Business-Type Activities Capital Assets, net</i>	<u>\$ 19,048,963</u>	<u>\$ 1,543,231</u>	<u>\$ (27,005)</u>	<u>\$ 20,565,189</u>

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, 2023:

Governmental Activities	Balance 12/31/22	Additions	Deletions	Balance 12/31/23	Due Within One Year
Financing Leases	\$ 1,322,851	\$ 431,105	\$ 384,651	\$ 1,369,305	\$ 338,648
Compensated Absences	153,130	227,630	178,750	202,010	202,010
Total	<u>\$ 1,475,981</u>	<u>\$ 658,735</u>	<u>\$ 563,401</u>	<u>\$ 1,571,315</u>	<u>\$ 540,658</u>

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

The City has entered into several long-term financing lease agreements to purchase land, equipment, and vehicles. These leases bear interest at rates ranging from 1.370% to 3.980% per annum and mature between June 2024 and May 2032.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 4: Long-Term Debt (Continued)

Governmental Activities (Continued)

The future minimum lease payments of principal and interest as of December 31, 2023, were as follows:

<u>Year Ended December 31,</u>	
2024	\$ 381,174
2025	311,044
2026	249,675
2027	178,510
2028	102,280
2029-2032	<u>290,233</u>
Total Future Minimum Lease Payments	1,512,916
Less: Interest	<u>(143,611)</u>
Present Value of Future Minimum Lease Payments	\$ <u>1,369,305</u>

Business-Type Activities

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2023:

Business-Type Activities	Balance 12/31/22	Additions	Payments	Balance 12/31/23	Due Within One Year
1985 Water Loan	\$ 119,437	\$ -	\$ 55,796	\$ 63,641	\$ 58,036
2009 Water Loan	465,511	-	62,068	403,443	62,068
2009 Water Loan	465,511	-	62,068	403,443	62,068
2009 Water Loan	201,478	-	26,864	174,614	26,864
2009 Sewer Loan	31,276	-	4,170	27,106	4,170
2020 Water Loan	327,615	-	14,614	313,001	14,982
2020 Water Loan	774,296	-	34,540	739,756	35,408
2020 Sewer Loan	507,400	-	22,634	484,766	23,203
Financing Leases	553,232	600,000	190,467	962,765	132,511
Compensated Absences	<u>22,221</u>	<u>37,648</u>	<u>32,694</u>	<u>27,175</u>	<u>27,175</u>
Total	\$ <u>3,467,977</u>	\$ <u>637,648</u>	\$ <u>505,915</u>	\$ <u>3,599,710</u>	\$ <u>446,485</u>

Water Loans

During 1985, the City entered into a \$1,200,000 loan agreement with the Colorado Water Conservation Board for construction of 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, 2023

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, 2023, net revenues of \$457,430 were available to pay annual debt service of \$151,000. Remaining debt service at December 31, 2023 was \$981,500.

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	\$ 2,086,379
Expenses	
Operating Expenses	<u>1,628,949</u>
Net Revenues	<u>457,430</u>
Debt Services Requirements	
2009 CWRPDA Notes Payable	151,000
2020 CWRPDA Notes Payable	53,683
2020 CWRPDA Hydropower Plant Note Payable	<u>22,714</u>
Total CWRPDA Notes Payable	227,397
Required Coverage	<u>110%</u>
Debt Service Coverage Amount	<u>250,137</u>
Net Revenue Excess (Shortfall)	<u>\$ 207,293</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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, 2023, net revenues of \$659,833 were available to pay annual debt service of \$39,348. Remaining debt service at December 31, 2023 was \$511,872.

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 Sewer rate maintenance covenant is as follows:

Revenues	
Operating Revenues	\$ 1,602,061
Expenses	
Operating Expenses	<u>1,044,005</u>
Net Revenues	<u>558,056</u>
Debt Services Requirements	
2009 CWRPDA Notes Payable	4,170
2020 CWRPDA Notes Payable	<u>35,178</u>
Total CWRPDA Notes Payable	39,348
Required Coverage	<u>110%</u>
Debt Service Coverage Amount	<u>43,283</u>
Net Revenue Excess (Shortfall)	\$ <u>514,773</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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, 2023:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 286,800	\$ 40,536	\$ 327,336
2025	236,219	36,354	272,573
2026	232,513	34,232	266,745
2027	234,459	32,286	266,745
2028	236,453	30,291	266,744
2029-2033	670,880	119,737	790,617
2034-2038	496,088	61,785	557,873
2039-2040	<u>216,358</u>	<u>6,803</u>	<u>223,161</u>
Total	\$ <u>2,609,770</u>	\$ <u>362,024</u>	\$ <u>2,971,794</u>

Long-term leases

The City has entered into several long-term financing lease agreements to purchase equipment and vehicles. These leases bear interest at rates ranging from 1.370% to 5.260% per annum and mature between June 2024 and July 2032. Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2023.

<u>Year Ended December 31,</u>	
2024	\$ 175,653
2025	165,254
2026	142,098
2027	119,615
2028	116,810
2029-2032	<u>443,801</u>
Total Future Minimum Lease Payments	1,163,231
Less: Interest	<u>(200,466)</u>
Present Value of Future Minimum Lease Payments	\$ <u>962,765</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2023

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2023, consisted of the following:

Transfers In	Transfers Out	Amount
Capital Improvement Fund	General Fund	\$ 3,321,085
General Fund	Water Enterprise Fund	141,210
Rural Transportation Authority Fund	Mobility and Parking Fund	79,025
General Fund	Sewer Enterprise Fund	60,740
General Fund	El Paso/Becker Park Fund	52,124
General Fund	Mobility and Parking Fund	38,470
General Fund	Open Space Fund	9,000
General Fund	Mach Fund	2,450
General Fund	Law Enforcement Fund	1,420
General Fund	Storm Drainage Fund	1,400
Total		<u>\$ 3,706,924</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 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

Benefits Provided as of December 31, 2022 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% 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% of highest average salary and 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% or 100% 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.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% 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, 2023

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, 2023 - Eligible employees of the City and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 01, 2023 through December 31, 2023 were 9.00%. Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees were 14.76% of covered salaries for January 01, 2023 through December 31, 2023. 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, 2023, were \$538,220, 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, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. 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, 2022 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At December 31, 2023, the City reported a net pension liability of \$4,833,888 for its proportionate share of the net pension liability.

At December 31, 2022, the City's proportion was 0.4821530462%, which was an increase of 0.0085881997% from its proportion measured at December 31, 2021.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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, 2023, the City recognized pension expense of \$485,807. At December 31, 2023, 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	\$ -	\$ 3,635
Net difference between projected and actual		
Earnings on plan investments	2,172,157	-
Changes in proportion	4,650	-
Contributions subsequent to the measurement date	538,220	-
Total	\$ 2,715,027	\$ 3,635

\$538,220 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended 2024. 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>	
2024	\$ 294,526
2025	722,361
2026	1,156,285
Total	\$ 2,173,172

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

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

Actuarial Assumptions - The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	Assumptions
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than State Troopers	3.2% - 11.3%
State Troopers	3.2% - 12.4%
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	1.00%
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

The TPL for the LGDTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% 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% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the 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	100.00%	

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

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

Discount Rate - The discount rate used to measure the TPL 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include 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.
- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

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

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Proportionate share of the Net pension liability (asset)	\$ 8,114,882	\$ 4,833,888	\$ 2,087,154

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's FNP is available in PERA's ACFR which can 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

Police Officers Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA (Continued)

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 members continue 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

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 9.0% and 12% of base salary, respectively, for the year ended December 31, 2023. Plan members elected to increase the employee contribution rate 0.5% annually through 2022, to a total of 12% of base salary. Employer contributions increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of base salary. The City's contributions to the plan for the year ended December 31, 2023, were \$111,465, 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, 2023, relative to the projected contributions of all participating employers. At December 31, 2023, the City's proportion was 0.1212215796% which was an decrease of 0.0046382814% from its proportion measured at December 31, 2022.

At December 31, 2023, the City reported a net pension liability of \$107,597, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2023, the City recognized pension expense of \$78,127. At December 31, 2023, 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	\$ 187,555	\$ 11,093
Changes in assumptions and other inputs	111,567	-
Net difference between projected and actual		
Earnings on plan investments	256,332	-
Changes in proportion	28,582	68,655
Contributions subsequent to the measurement date	111,465	-
Total	<u>\$ 695,501</u>	<u>\$ 79,748</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

City contributions subsequent to the measurement date of \$111,465 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>	
2024	\$ 97,691
2025	139,983
2026	195,143
2027	34,391
2028	13,484
Thereafter	<u>23,596</u>
Total	\$ <u>504,288</u>

Actuarial Assumptions - The actuarial valuations as of January 1, 2023, 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%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income - Rates	10%	5.45%
Fixed Income - Credit	5%	6.90%
Absolute Return	9%	6.49%
Cash	1%	3.92%
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 7.00%.

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 (6.00%) or one percentage point higher (8.00%) than the current rate, as follows:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
City's Proportionate share of the Net pension liability (asset)	\$ <u>741,763</u>	\$ <u>107,597</u>	\$ <u>(417,697)</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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.

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, 2023

Note 6: Pension Plans (Continued)

Firefighters Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA (Continued)

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 members continue 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 9% and 12% of base salary, respectively, for the year ended December 31, 2023.

Plan members elected to increase the employee contribution rate 0.5% annually through 2022, to a total of 12% of base salary. Employer contributions increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of base salary. The City's contributions to the plan for the year ended December 31, 2023, were \$79,248, equal to the required contributions.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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, 2023, relative to the projected contributions of all participating employers. At December 31, 2023, the City's proportion was 0.0472827761% which was a decrease of 0.0135938683% from its proportion measured at December 31, 2022.

At December 31, 2023, the City reported a net pension liability of \$41,969, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2023, the City recognized pension expense of \$46,630. At December 31, 2023, 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	\$ 73,155	\$ 4,327
Changes in assumptions and other inputs	43,518	-
Net difference between projected and actual		
Earnings on plan investments	99,982	-
Changes in proportion	53,810	10,376
Contributions subsequent to the measurement date	79,248	-
Total	<u>\$ 349,713</u>	<u>\$ 14,703</u>

City contributions after the measurement date of \$79,248 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>	
2024	\$ 47,252
2025	63,744
2026	84,949
2027	22,484
2028	16,228
Thereafter	<u>21,105</u>
Total	<u>\$ 255,762</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

Actuarial Assumptions - The actuarial valuations as of January 1, 2023, 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%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

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 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 (assumed at 2.5 percent).

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income - Rates	10%	5.45%
Fixed Income - Credit	5%	6.90%
Absolute Return	9%	6.49%
Cash	1%	3.92%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 7.00%.

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 7.50%, 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 (6.50%) or one percentage point higher (8.50%) 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)	\$ 289,326	\$ 41,969	\$ (162,924)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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, 2023, 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, 2023, the City reported a net pension liability of \$367,377. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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, 2023, the City recognized pension expense of \$30,956. At December 31, 2023, 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	\$ 47,365	\$ -
Contributions subsequent to the measurement date	47,936	-
Total	\$ <u>95,301</u>	\$ <u>-</u>

\$47,936 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, 2023. 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>	
2024	\$ 9,228
2025	12,199
2026	14,281
2027	<u>11,657</u>
Total	\$ <u>47,365</u>

Actuarial Assumptions - The January 1, 2023 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2023. The valuation used the following actuarial assumptions and other inputs:

	<u>Assumptions</u>
Actuarial cost method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment rate of return, net of plan investment expenses, including price inflation	4.50%
Projected Salary Increases	N/A

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10%	4.40%
Fixed Income - Rates	70%	4.90%
Fixed Income - Credit	10%	6.60%
Absolute Return	0%	6.90%
Long Short	0%	6.70%
Global Public Equity	10%	8.70%
Private Capital	0%	10.20%
Total	100.00%	

Single Discount Rate - The discount rate used to measure the total pension liability was 4.5%. 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.

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 4.5%, 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 (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's Proportionate share of the Net pension liability (asset)	\$ 431,020	\$ 367,377	\$ 312,453

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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)

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.

Volunteers Covered by Benefit Terms - At December 31, 2023, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	17
Active Employees	33
Total	\$ 50

Contributions - Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2022. 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, 2023, the City's contributions were \$37,951.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

Net Pension Liability

The total pension liability is based on an actuarial valuation performed as of January 1, 2023, and a measurement date of December 31, 2022. This measurement date is within one year of the plan sponsor's fiscal year-end of December 31, 2023, and may be used for December 31, 2023, reporting purposes.

Actuarial Assumptions - The total pension liability was rolled forward from the actuarial valuation as of January 1, 2023 to the measurement date of December 31, 2022, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
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%

Mortality rates were based on the following:

- *Pre-retirement*: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.
- *Post-retirement*: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
- *Disabled*: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.05% (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%.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2023

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

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, 2020	\$ 549,379	\$ 374,977	\$ 174,402
Service Cost	5,522	-	5,522
Interest	37,067	-	37,067
Differences Between Expected and Actual Experience	(8,178)	-	(8,178)
Changes of Assumptions	5,560	-	5,560
Contributions	-	37,951	(37,951)
Net Investment Income	-	(30,459)	30,459
Benefit Payments	(45,900)	(45,900)	-
Administrative Expenses	-	(10,083)	10,083
State of Colorado supplemental discretionary payment	-	24,268	(24,268)
Total	\$ <u>543,450</u>	\$ <u>350,754</u>	\$ <u>192,696</u>

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.

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
City's Proportionate share of the Net pension asset (Liability)	\$ <u>248,497</u>	\$ <u>192,696</u>	\$ <u>145,923</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$5,738 for the Volunteer Pension Plan. At December 31, 2023, 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	\$ -	\$ 12,361
Changes in assumptions and other inputs	4,508	-
Net difference between projected and actual		
Earnings on plan investments	19,162	-
Contributions subsequent to the measurement date	62,219	-
Total	\$ 85,889	\$ 12,361

\$62,219 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:

Year Ended December 31,	
2024	\$ (4,904)
2025	(331)
2026	5,796
2027	10,891
2028	(143)
Total	\$ 11,309

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 PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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 LGDTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

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 \$39,955 for the year ended December 31, 2023.

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

At December 31, 2023, the City reported a net OPEB liability of \$317,418 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. 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, 2022, relative to the contributions of all participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0388763899%, which was an increase of 0.0020571725% from its proportion measured at December 31, 2022.

For the year ended December 31, 2023, the City recognized OPEB expense of \$13,053. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 50,756
Changes of assumptions and other inputs	3,263	26,496
Net difference between projected and actual earnings on plan investments	18,345	-
Changes in proportion	46,153	264
Contributions subsequent to the measurement date	39,955	-
Total	\$ 107,716	\$ 77,516

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

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

\$39,955 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the 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: 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>	
2024	\$ (13,254)
2025	(633)
2026	9,031
2027	(3,932)
2028	(967)
	<u>\$ (9,755)</u>

Actuarial Assumptions - The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	<u>Assumptions</u>
Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
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%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
6.5% in 2022, gradually decreasing to 4.5% in 2030	
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.5% in 2029	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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 2022 Medicare Part A premium is \$499 (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.

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, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the State and Local Government Divisions as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2021, valuation for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of these Division Trust Funds participate in the HCTF.

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

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

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based on the upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

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

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

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

- Per capita health care costs in effect as of December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-the-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuations were based on the results of the 2020 experience analysis, dated October 28, 2022, and November 4, 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.

The long-term expected return on plan assets is reviewed as part of regular experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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).

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The basis for 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, 2022, 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 7: Other Postemployment Benefits (Continued)

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

- 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 FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the Discount Rates - 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	\$ 367,981	\$ 317,418	\$ 274,170

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 3.00% to 7.25%, 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	\$ 308,433	\$ 317,418	\$ 327,193

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

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).

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2023

Note 9: Commitments and Contingencies

TABOR Amendment *(Continued)*

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.

Emergency Reserves have been provided for as required by Article X, Section 20 (5), of the Constitution of the State of Colorado. Per the City Financial Policies Section 7, IV, the City satisfies this requirement through a pledge of real property. City Hall, located at 606 Manitou Ave, per the most valuation by the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for insurance purposes, is valued at \$3,466,600. 11.39% of this value covers the TABOR reserve.

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, 2023.

Required Supplementary Information

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and Use Taxes	\$ 10,080,000	\$ 9,570,000	\$ 9,740,676	\$ 170,676
Property	992,705	1,040,941	1,047,767	6,826
Amusement and Lodging	915,275	1,589,000	1,643,062	54,062
Franchise	433,400	391,000	383,454	(7,546)
Auto Use	350,000	395,000	389,518	(5,482)
Licenses and Permits	95,000	80,000	201,757	121,757
Intergovernmental	322,001	322,851	260,934	(61,917)
Contributions/Donations	100	5,330	27,793	22,463
Charges for Services	752,800	418,950	375,298	(43,652)
Fines and Forfeitures	45,515	54,365	59,753	5,388
Investment Income	75,000	500,000	536,314	36,314
Proceeds from Sale of Assets	85,000	61,405	155,499	94,094
Miscellaneous	2,300	63,255	10,873	(52,382)
Total Revenues	<u>14,149,096</u>	<u>14,492,097</u>	<u>14,832,698</u>	<u>340,601</u>
Expenditures				
General Government				
Legislative	285,776	285,776	244,792	40,984
Judicial	100,407	105,907	77,225	28,682
Executive	895,775	981,299	972,063	9,236
City Clerk	253,245	269,548	242,944	26,604
Finance	997,445	717,260	641,726	75,534
Planning	700,325	777,545	528,885	248,660
Economic Development	647,255	1,303,255	1,308,952	(5,697)
Intergovernment	45,481	45,481	44,621	860
Miscellaneous	-	-	644	(644)
Total General Governments	<u>3,925,709</u>	<u>4,486,071</u>	<u>4,061,852</u>	<u>424,219</u>
Public Safety				
Police	2,253,920	2,327,168	2,121,736	205,432
Fire	1,142,589	1,301,106	1,264,453	36,653
EMS Transport	753,053	767,938	574,448	193,490
Total Public Safety	<u>4,149,562</u>	<u>4,396,212</u>	<u>3,960,637</u>	<u>435,575</u>
Public Works				
Parking Department	1,461,480	1,555,635	1,407,785	147,850
Total Public Works	<u>1,461,480</u>	<u>1,555,635</u>	<u>1,407,785</u>	<u>147,850</u>

(Continued)

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2023
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Culture and Recreation				
Public Services	\$ 1,548,579	\$ 2,034,514	\$ 1,928,699	\$ 105,815
Total Culture and Recreation	<u>1,548,579</u>	<u>2,034,514</u>	<u>1,928,699</u>	<u>105,815</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>35,607</u>	<u>(35,607)</u>
Total Expenditures	<u>11,085,330</u>	<u>12,472,432</u>	<u>11,394,580</u>	<u>1,077,852</u>
Excess Revenues Over (Under) Expenditures	3,063,766	2,019,665	3,438,118	1,418,453
Other Financing Sources (Uses)				
Transfers In	306,934	306,934	306,814	(120)
Transfers Out	<u>(872,378)</u>	<u>(3,351,085)</u>	<u>(3,321,085)</u>	<u>30,000</u>
Net Change in Fund Balance	2,498,322	(1,024,486)	423,847	1,448,333
Fund Balance, Beginning of year	<u>6,735,326</u>	<u>6,735,326</u>	<u>6,889,713</u>	<u>154,387</u>
Fund Balance, End of year	<u>\$ 9,233,648</u>	<u>\$ 5,710,840</u>	<u>\$ 7,313,560</u>	<u>\$ 1,602,720</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Capital Improvements Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 44,189	\$ 48,396	\$ 48,291	\$ (105)
Intergovernmental	1,468,600	4,830,922	2,366,254	(2,464,668)
Contributions and Donations	-	217,880	494,112	276,232
Interest	-	-	71,561	71,561
Total Revenues	1,512,789	5,097,198	2,980,218	(2,116,980)
Expenditures				
Capital Improvements	3,497,738	8,042,328	3,453,847	4,588,481
Debt Service	417,310	422,333	423,124	(791)
Total Expenditures	3,915,048	8,464,661	3,876,971	4,587,690
Excess Revenues Over (Under) Expenditures	(2,402,259)	(3,367,463)	(896,753)	2,470,710
Other Financing Sources (Uses)				
Debt Proceeds	418,138	431,105	545,309	114,204
Transfers In	872,378	3,351,085	3,321,085	(30,000)
Net Change in Fund Balance	(1,111,743)	414,727	2,969,641	2,554,914
Fund Balance, Beginning of year	3,849,857	3,849,857	3,810,758	(39,099)
Fund Balance, End of year	<u>\$ 2,738,114</u>	<u>\$ 4,264,584</u>	<u>\$ 6,780,399</u>	<u>\$ 2,515,815</u>

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, 2023

Measurement Date	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Proportionate Share of the Net Pension Liability					
City's Proportion of the Net Pension Liability	0.4821530462%	0.4735648465%	0.4365687521%	0.4232621725%	0.4023930474%
City's Proportionate Share of the Net Pension Liability	\$ 4,833,888	\$ (406,020)	\$ 2,275,078	\$ 3,095,701	\$ 5,058,938
City's Covered-Employee Payroll	\$ 3,953,961	\$ 3,346,755	\$ 3,079,173	\$ 2,755,869	\$ 2,807,196
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	122.25%	(12.13%)	73.89%	112.33%	180.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.99%	101.49%	90.88%	75.96%	75.96%
Reporting Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
City Contributions					
Statutorily Required Contribution	\$ 538,220	\$ 531,361	\$ 435,396	\$ 398,510	\$ 369,595
Contributions in Relation to the Statutorily Required Contribution	(538,220)	(531,361)	(435,396)	(398,510)	(369,595)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 3,917,156	\$ 3,953,961	\$ 3,346,755	\$ 3,079,173	\$ 2,755,869
Contributions as a Percentage of Covered-Employee Payroll	13.74%	13.44%	13.01%	12.94%	13.41%

This schedule is presented to show information for 10 years.

(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, 2023
(Continued)

Measurement Date	12/31/2017	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	0.3564476255%	0.3279100000%	0.3067500000%	0.2589400000%	0.2536000000%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,968,795	\$ 4,427,922	\$ 3,379,093	\$ 2,320,884	\$ 2,086,887
Authority's Covered-Employee Payroll	\$ 2,248,623	\$ 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	176.50%	224.01%	194.04%	163.57%	147.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.37%	73.65%	76.87%	80.72%	77.66%
Reporting Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Authority Contributions					
Statutorily Required Contribution	\$ 323,788	\$ 286,261	\$ 252,803	\$ 220,819	\$ 200,571
Contributions in Relation to the Statutorily Required Contribution	(323,788)	(286,261)	(252,803)	(220,819)	(200,571)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 2,807,196	\$ 2,248,623	\$ 1,976,677	\$ 1,741,473	\$ 1,418,864
Contributions as a Percentage of Covered-Employee Payroll	11.53%	12.73%	12.79%	12.68%	14.14%

This schedule is presented to show information for 10 years.

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, 2023

Measurement Date	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Proportionate Share of the Net Pension Liability					
City's Proportion of the Net Pension Liability	0.1212215796%	0.1258598610%	0.1336000655%	0.1066031300%	0.1207309423%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 107,597	\$ (682,077)	\$ (290,046)	\$ (60,291)	\$ 152,637
City's Covered-Employee Payroll	\$ 1,054,651	\$ 1,018,816	\$ 785,705	\$ 791,116	\$ 899,076
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	10.20%	(66.95%)	(36.92%)	(7.62%)	16.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.60%	116.20%	106.70%	75.96%	75.96%
Reporting Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
City Contributions					
Statutorily Required Contribution	\$ 111,465	\$ 94,918	\$ 86,122	\$ 85,847	\$ 161,834
Contributions in Relation to the Statutorily Required Contribution	(111,465)	(94,918)	(86,122)	(85,847)	(161,834)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 1,178,140	\$ 1,054,651	\$ 1,018,816	\$ 785,705	\$ 791,116
Contributions as a Percentage of Covered-Employee Payroll	9.46%	9.00%	8.45%	10.93%	20.46%

This schedule is presented to show information for 10 years.

(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, 2023
(Continued)

Measurement Date	12/31/2017	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	0.130220800%	0.1439600000%	0.1396100000%	0.1345200000%	0.1330600000%
Authority's Proportionate Share of the Net Pension Liability	\$ (187,343)	\$ 52,019	\$ (2,461)	\$ (151,810)	\$ (118,980)
Authority's Covered-Employee Payroll	\$ 760,073	\$ 738,608	\$ 683,311	\$ 604,912	\$ 604,912
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(24.65%)	7.04%	(0.36%)	(25.10%)	(19.67%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.30%	98.21%	100.10%	106.83%	105.83%
Reporting Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Authority Contributions					
Statutorily Required Contribution	\$ 64,698	\$ 60,806	\$ 59,089	\$ 54,665	\$ 48,393
Contributions in Relation to the Statutorily Required Contribution	(64,698)	(60,806)	(59,089)	(54,665)	(48,393)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 899,076	\$ 760,073	\$ 738,608	\$ 683,311	\$ 604,912
Contributions as a Percentage of Covered-Employee Payroll	7.20%	8.00%	8.00%	8.00%	8.00%

This schedule is presented to show information for 10 years.

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, 2023

Measurement Date	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Proportionate Share of the Net Pension Liability					
City's Proportion of the Net Pension Liability	0.0472827761%	0.0608766444%	0.0571535686%	0.0571718140%	0.0640696184%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 41,969	\$ (329,911)	\$ (124,081)	\$ (32,334)	\$ 81,002
City's Covered-Employee Payroll	\$ 411,369	\$ 491,112	\$ 422,678	\$ 422,678	\$ 349,428
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	10.20%	(67.18%)	(29.36%)	(7.65%)	23.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.60%	116.20%	106.70%	75.96%	75.96%

Reporting Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
City Contributions					
Statutorily Required Contribution	\$ 79,248	\$ 37,023	\$ 41,656	\$ 36,725	\$ 83,855
Contributions in Relation to the Statutorily Required Contribution	(79,248)	(37,023)	(41,656)	(36,725)	(83,855)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 835,986	\$ 411,369	\$ 491,112	\$ 422,678	\$ 422,678
Contributions as a Percentage of Covered-Employee Payroll	9.48%	9.00%	8.48%	8.69%	19.84%

This schedule is presented to show information for 10 years.

(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, 2023
(Continued)

Measurement Date	12/31/2017	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	0.0595969000%	0.0641400000%	0.0646500000%	0.0681600000%	0.0629200000%
Authority's Proportionate Share of the Net Pension Liability	\$ (85,740)	\$ 23,176	\$ (1,140)	\$ (76,927)	\$ (56,266)
Authority's Covered-Employee Payroll	\$ 349,428	\$ 349,428	\$ 328,841	\$ 333,375	\$ 306,525
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(24.54%)	6.63%	(0.35%)	(23.08%)	(18.36%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.30%	98.21%	100.10%	106.83%	105.83%

Reporting Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Authority Contributions					
Statutorily Required Contribution	\$ 34,334	\$ 27,954	\$ 26,307	\$ 26,670	\$ 24,522
Contributions in Relation to the Statutorily Required Contribution	\$ (34,334)	\$ (27,954)	(26,307)	(26,670)	(24,522)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	349,428	349,428	\$ 328,841	\$ 333,375	\$ 306,525
Contributions as a Percentage of Covered-Employee Payroll	9.83%	8.00%	8.00%	8.00%	8.00%

This schedule is presented to show information for 10 years.

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, 2023

Measurement Date	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total Pension Liability				
Interest on the Total Pension Liability	\$ 29,320	\$ 29,306	\$ 29,931	\$ 37,594
Difference between expected and actual experience of the Total Pension Liability	-	16,129	-	6,952
Changes of Assumptions	-	-	-	162,014
Benefit Payments	(45,801)	(44,466)	(43,171)	(41,914)
Net Change in Total Pension Liability	(16,481)	969	(13,240)	164,646
Total Pension Liability - Beginning	674,203	673,234	686,474	521,828
Total Pension Liability - Ending	<u>\$ 657,722</u>	<u>\$ 674,203</u>	<u>\$ 673,234</u>	<u>\$ 686,474</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 47,936	\$ 47,936	\$ 18,730	\$ 18,730
Pension Plan Net Investment Income	(43,267)	1,782	24,742	37,823
Benefit Payments	(45,801)	(44,466)	(43,171)	(41,914)
Pension Plan Administrative Expense	(2,532)	(975)	(2,299)	(1,168)
Net Change in Plan Fiduciary Net Position	(43,664)	4,277	(1,998)	13,471
Total Plan Fiduciary Net Position - Beginning	334,009	329,732	331,730	318,259
Total Plan Fiduciary - Ending	<u>\$ 290,345</u>	<u>\$ 334,009</u>	<u>\$ 329,732</u>	<u>\$ 331,730</u>
Net Pension Liability (Asset)				
Total Pension Liability - Ending	\$ 657,722	\$ 674,203	\$ 673,234	\$ 686,474
Total Plan Fiduciary - Ending	290,345	334,009	329,732	331,730
Net Pension Liability (Asset)	<u>\$ 367,377</u>	<u>\$ 340,194</u>	<u>\$ 343,502</u>	<u>\$ 354,744</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.14%	49.54%	48.98%	48.32%
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.

(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, 2023
(Continued)

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Interest on the Total Pension Liability	\$ 37,852	\$ 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	(40,693)	(39,508)	(38,357)	(39,914)	(46,540)
Net Change in Total Pension Liability	(2,841)	22,703	(1,974)	(60,234)	(5,526)
Total Pension Liability - Beginning	524,669	501,966	503,940	564,174	569,700
Total Pension Liability - Ending	<u>\$ 521,828</u>	<u>\$ 524,669</u>	<u>\$ 501,966</u>	<u>\$ 503,940</u>	<u>\$ 564,174</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 16,956	\$ 16,959	\$ 21,799	\$ 21,799	\$ 19,672
Pension Plan Net Investment Income	371	45,694	17,007	5,687	22,581
Benefit Payments	(40,693)	(39,508)	(38,357)	(39,914)	(46,540)
Pension Plan Administrative Expense	(2,971)	(689)	(2,380)	(837)	(3,655)
Net Change in Plan Fiduciary Net Position	(26,337)	22,456	(1,931)	(13,265)	(7,942)
Total Plan Fiduciary Net Position - Beginning	344,596	322,140	324,071	337,336	345,278
Total Plan Fiduciary - Ending	<u>\$ 318,259</u>	<u>\$ 344,596</u>	<u>\$ 322,140</u>	<u>\$ 324,071</u>	<u>\$ 337,336</u>
Net Pension Liability (Asset)					
Total Pension Liability - Ending	\$ 521,828	\$ 524,669	\$ 501,966	\$ 503,940	\$ 564,174
Total Plan Fiduciary - Ending	318,259	344,596	322,140	324,071	337,336
Net Pension Liability (Asset)	<u>\$ 203,569</u>	<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	60.99%	65.68%	64.18%	64.31%	59.79%
Covered Employee Payroll	N/A	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	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, 2023

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total Pension Liability				
Service Cost	\$ 5,522	\$ 5,522	\$ 5,060	\$ 5,060
Interest on the Total Pension Liability	37,067	37,361	38,828	39,533
Difference between expected and actual experience of the Total Pension Liability	(8,178)	-	(14,589)	-
Changes of Assumptions	5,560	-	-	-
Benefit Payments	(45,900)	(48,225)	(52,650)	(56,625)
Net Change in Total Pension Liability	(5,929)	(5,342)	(23,351)	(12,032)
Total Pension Liability - Beginning	549,379	554,721	578,072	590,104
Total Pension Liability - Ending	<u>\$ 543,450</u>	<u>\$ 549,379</u>	<u>\$ 554,721</u>	<u>\$ 578,072</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 37,951	\$ 26,964	\$ 21,765	\$ 21,765
Pension Plan Net Investment Income	(30,459)	48,014	37,237	42,064
Benefit Payments	(45,900)	(48,225)	(52,650)	(56,625)
Pension Plan Administrative Expense	(10,083)	(8,420)	(8,205)	(11,911)
State of Colorado supplemental discretionary payment	24,268	39,178	14,400	-
Net Change in Plan Fiduciary Net Position	(24,223)	57,511	12,547	(4,707)
Total Plan Fiduciary Net Position - Beginning	374,977	317,466	304,919	309,626
Total Plan Fiduciary - Ending	<u>\$ 350,754</u>	<u>\$ 374,977</u>	<u>\$ 317,466</u>	<u>\$ 304,919</u>
Net Pension Liability (Asset)				
Total Pension Liability - Ending	\$ 543,450	\$ 549,379	\$ 554,721	\$ 578,072
Total Plan Fiduciary - Ending	350,754	374,977	317,466	304,919
Net Pension Liability (Asset)	<u>\$ 192,696</u>	<u>\$ 174,402</u>	<u>\$ 237,255</u>	<u>\$ 273,153</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.54%	68.25%	57.23%	52.75%
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.

(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, 2023
(Continued)

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Service Cost	\$ 5,655	\$ 5,655	\$ 6,563	\$ 6,563	\$ 5,274
Interest on the Total Pension Liability	41,581	42,322	41,496	42,160	40,957
Difference between expected and actual experience of the Total Pension Liability	1,311	-	(1,436)	-	24,855
Changes of Assumptions	19,985	-	21,796	-	-
Benefit Payments	<u>(59,054)</u>	<u>(56,700)</u>	<u>(57,225)</u>	<u>(57,905)</u>	<u>(53,550)</u>
Net Change in Total Pension Liability	9,478	(8,723)	11,194	(9,182)	17,536
Total Pension Liability - Beginning	<u>580,626</u>	<u>589,349</u>	<u>578,155</u>	<u>587,337</u>	<u>569,801</u>
Total Pension Liability - Ending	<u>\$ 590,104</u>	<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	\$ 16,000
Pension Plan Net Investment Income	312	46,005	18,105	6,628	24,145
Benefit Payments	(59,054)	(56,700)	(57,225)	(57,905)	(53,550)
Pension Plan Administrative Expense	(11,616)	(10,873)	(813)	(1,838)	(941)
State of Colorado supplemental discretionary payment	<u>28,800</u>	<u>-</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Net Change in Plan Fiduciary Net Position	<u>(25,558)</u>	<u>(5,568)</u>	<u>(9,533)</u>	<u>(22,715)</u>	<u>54</u>
Total Plan Fiduciary Net Position - Beginning	<u>335,184</u>	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>	<u>372,946</u>
Total Plan Fiduciary - Ending	<u>\$ 309,626</u>	<u>\$ 335,184</u>	<u>\$ 340,752</u>	<u>\$ 350,285</u>	<u>\$ 373,000</u>
Net Pension Liability (Asset)					
Total Pension Liability - Ending	\$ 590,104	\$ 580,626	\$ 589,349	\$ 578,155	\$ 587,337
Total Plan Fiduciary - Ending	<u>309,626</u>	<u>335,184</u>	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>
Net Pension Liability (Asset)	<u>\$ 280,478</u>	<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	52.47%	57.73%	57.82%	60.59%	63.51%
Covered Employee Payroll	N/A	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	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, 2023

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
2022	\$ 23,968	\$ 47,936	\$ (23,968)	N/A	N/A
2023	\$ 23,968	\$ 47,936	\$ (23,968)	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:

1/1/2020

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

Actuarial Cost Method:

Entry Age Normal

Amortization Method:

N/A

Remaining Amortization Period:

N/A

Asset Valuation Method:

5-Year Smoothed Fair Value

Inflation:

2.50%

Salary Increases:

N/A

Investment Rate of Return

4.50%

Retirement Age:

Any remaining actives are assumed to retire immediately

Mortality:

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
Disabled (pre-1980): Post-retirement rates set forward three years.

This schedule is presented to show information for 10 years.

City of Manitou Springs, Colorado
Schedule of City Contributions
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2023

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
2022	\$ 41,352	\$ 66,142	\$ (24,790)	N/A	N/A
2023	\$ 37,951	\$ 62,219	\$ (24,268)	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:

1/1/2021

Actuarially determined contribution rates are calculated as of January 1 of odd 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

7.00%

Retirement Age:

50% per year of eligibility until 100% at age 65.

Mortality:

Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

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

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

* - 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.

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 2023

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, 2023, the Storm Drainage expenses the budgeted amount. 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 2023 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, 2023

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, 2023, the total pension liability was determined by an actuarial valuation as of December 31, 2021. The following revised economic and demographic assumptions were effective as of December 31, 2021.

- 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 2.3% 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 the prior year.
- Wage inflation assumption of 3.0% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee 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, 2023

	Special Revenue Funds				Capital Project Fund		
	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	\$ 558,039	\$ 370,806	\$ 26,460	\$ 443,774	\$ 252,624	\$ 141,211	\$ (131,231)
Property Taxes Receivable	81,787	-	-	-	102,233	-	-
Due From Other Governments	13,710	-	-	76,641	2	-	57,385
Total Assets	\$ 653,536	\$ 370,806	\$ 26,460	\$ 520,415	\$ 354,859	\$ 141,211	\$ (73,846)
Liabilities							
Accounts Payable	\$ 5,000	\$ -	\$ -	\$ 274	\$ 17	\$ -	\$ 47,064
Total Liabilities	\$ 5,000	\$ -	\$ -	\$ 274	\$ 17	\$ -	\$ 47,064
Deferred Inflows of Resources							
Deferred Property Tax Revenue	\$ 81,787	\$ -	\$ -	\$ -	\$ 102,233	\$ -	\$ -
Fund Balance							
Restricted							
Parks and Open Space	\$ 566,749	\$ 370,806	\$ -	\$ 520,141	\$ 252,609	\$ -	\$ -
Law Enforcement	-	-	26,460	-	-	-	-
Assigned to Capital Projects							
Capital Projects	-	-	-	-	-	141,211	-
Unassigned	-	-	-	-	-	-	(120,910)
Total Fund Balance	\$ 566,749	\$ 370,806	\$ 26,460	\$ 520,141	\$ 252,609	\$ 141,211	\$ (120,910)
Total Liabilities, Deferred Inflows and Fund Balance	\$ 653,536	\$ 370,806	\$ 26,460	\$ 520,415	\$ 354,859	\$ 141,211	\$ (73,846)
							\$ 1,993,441

See Accompanying Independent Auditor's Report.

City of Manitou Springs, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds				Capital Projects Fund		
	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	\$ 218,334	\$ -	\$ -	\$ 488,053	\$ 86,854	\$ -	\$ -
Intergovernmental	-	67,289	-	-	-	-	730,778
Fines and Forfeitures	-	-	15,715	-	-	-	-
Investment Income	24,021	14,302	-	23,184	-	-	-
Other Income	72	-	-	-	-	-	-
							72
Total Revenues	242,427	81,591	15,715	511,237	86,854	-	730,778
							1,668,602
Expenditures							
Public Works	8,243	-	-	-	-	-	-
Culture and Recreation	38,750	9,499	-	478,071	899	-	-
Capital Outlay	76,024	-	-	-	-	-	930,712
							1,006,736
Total Expenditures	123,017	9,499	-	478,071	899	-	930,712
							1,542,198
Excess Revenues Over/ (Under) Expenditures	119,410	72,092	15,715	33,166	85,955	-	(199,934)
							126,404
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	-	-	79,025
Transfers Out	(9,000)	-	(1,420)	(2,450)	(52,124)	-	-
							79,025
Net Change in Fund Balance	110,410	72,092	14,295	30,716	33,831	-	(120,909)
							140,435
Fund Balance, Beginning of year	456,339	298,714	12,165	489,425	218,778	141,211	(1)
							1,616,631
Fund Balance, End of year	\$ 566,749	\$ 370,806	\$ 26,460	\$ 520,141	\$ 252,609	\$ 141,211	\$ (120,910)
							\$ 1,757,066

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Open Space Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 63,582	\$ 67,300	\$ 69,483	\$ 2,183
Sales Tax	160,373	155,000	148,851	(6,149)
Investment Income	2,200	15,000	24,021	9,021
Miscellaneous	417	417	72	(345)
Total Revenues	226,572	237,717	242,427	4,710
Expenditures				
Capital Outlay	33,000	75,000	76,024	(1,024)
Other Funds and Capital	272,400	207,660	46,993	160,667
Total Expenditures	305,400	282,660	123,017	159,643
Excess Revenues Over (Under) Expenditures	(78,828)	(44,943)	119,410	164,353
Other Financing Sources (Uses)				
Transfers Out	-	-	(9,000)	(9,000)
Net Change in Fund Balance	(78,828)	(44,943)	110,410	155,353
Fund Balance, Beginning of year	456,340	456,340	456,339	(1)
Fund Balance, End of year	<u>\$ 377,512</u>	<u>\$ 411,397</u>	<u>\$ 566,749</u>	<u>\$ 155,352</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Government Shared Revenues	\$ 55,000	\$ 55,000	\$ 67,289	\$ 12,289
Interest	3,000	11,000	14,302	3,302
Total Revenues	<u>58,000</u>	<u>66,000</u>	<u>81,591</u>	<u>15,591</u>
Expenditures				
Parks and Recreation	<u>148,000</u>	<u>148,000</u>	<u>9,499</u>	<u>138,501</u>
Total Expenditures	<u>148,000</u>	<u>148,000</u>	<u>9,499</u>	<u>138,501</u>
Net Change in Fund Balance	(90,000)	(82,000)	72,092	154,092
Fund Balance, Beginning of year	<u>298,715</u>	<u>298,715</u>	<u>298,714</u>	<u>(1)</u>
Fund Balance, End of year	<u>\$ 208,715</u>	<u>\$ 216,715</u>	<u>\$ 370,806</u>	<u>\$ 154,091</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Law Enforcement Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	\$ 16,500	\$ 16,500	\$ 15,715	\$ (785)
Intergovernmental	2,250	2,250	-	(2,250)
Interest	600	-	-	-
Total Revenues	<u>19,350</u>	<u>18,750</u>	<u>15,715</u>	<u>(3,035)</u>
Expenditures				
Capital Outlay	<u>17,930</u>	<u>17,930</u>	<u>-</u>	<u>17,930</u>
Total Expenditures	<u>17,930</u>	<u>17,930</u>	<u>-</u>	<u>17,930</u>
Excess Revenues Over (Under) Expenditures	1,420	820	15,715	14,895
Other Financing Sources (Uses)				
Transfers Out	<u>(1,420)</u>	<u>(1,420)</u>	<u>(1,420)</u>	<u>-</u>
Net Change in Fund Balance	-	(600)	14,295	14,895
Fund Balance, Beginning of year	<u>12,165</u>	<u>12,165</u>	<u>12,165</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 12,165</u>	<u>\$ 11,565</u>	<u>\$ 26,460</u>	<u>\$ 14,895</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Mach Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 488,826	\$ 465,000	\$ 488,053	\$ 23,053
Interest	-	-	23,184	23,184
Total Revenues	488,826	465,000	511,237	46,237
Expenditures				
Culture and Recreation	492,450	494,764	478,071	16,693
Total Expenditures	492,450	494,764	478,071	16,693
Excess Revenues Over (Under) Expenditures	(3,624)	(29,764)	33,166	62,930
Other Financing Sources (Uses)				
Transfers Out	-	-	(2,450)	(2,450)
Net Change in Fund Balance	(3,624)	(29,764)	30,716	60,480
Fund Balance, Beginning of year	489,426	489,426	489,425	(1)
Fund Balance, End of year	<u>\$ 485,802</u>	<u>\$ 459,662</u>	<u>\$ 520,141</u>	<u>\$ 60,479</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 El Paso/ Beckers Park Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 79,499	\$ 87,000	\$ 86,854	\$ (146)
Total Revenues	79,499	87,000	86,854	(146)
Expenditures				
Culture and Recreation	79,499	79,499	899	78,600
Total Expenditures	79,499	79,499	899	78,600
Excess of Revenues Over (Under) Under Expenditures	-	7,501	85,955	78,454
Other Financing Sources (Uses)				
Transfers Out	-	-	(52,124)	(52,124)
Net Change in Fund Balance	-	7,501	33,831	26,330
Fund Balance, Beginning of year	218,778	218,778	218,778	-
Fund Balance, End of year	<u>\$ 218,778</u>	<u>\$ 226,279</u>	<u>\$ 252,609</u>	<u>\$ 26,330</u>

City of Manitou Springs, Colorado

Budgetary Comparison Schedule Rural Transportation Authority Fund For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 960,445	\$ 2,332,275	\$ 730,778	\$ (1,601,497)
Total Revenues	960,445	2,332,275	730,778	(1,601,497)
Expenditures				
Capital Outlay	960,445	2,332,275	930,712	1,401,563
Total Expenditures	960,445	2,332,275	930,712	1,401,563
Excess of Revenues Over (Under) Under Expenditures	-	-	(199,934)	(199,934)
Other Financing Sources (Uses)				
Transfers In	-	-	79,025	79,025
Net Change in Fund Balance	-	-	(120,909)	(120,909)
Fund Balance, Beginning of year	-	-	(1)	(1)
Fund Balance, End of year	\$ -	\$ -	\$ (120,910)	\$ (120,910)

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Storm Drainage Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Special Assessments	\$ 388,400	\$ 414,000	\$ 414,684	\$ 684
Grants and Donations	200,000	200,000	176,423	(23,577)
Interest	24,000	24,000	38,713	14,713
Total Revenues	612,400	638,000	629,820	(8,180)
Expenses				
Operations and Maintenance	336,872	316,425	338,623	(22,198)
Capital Outlay	240,000	240,000	491,797	(251,797)
Debt Service	77,841	77,841	65,966	11,875
Transfers Out	-	-	1,400	(1,400)
Total Expenditures	654,713	634,266	897,786	(263,520)
Net Income Budget Basis	\$ (42,313)	\$ 3,734	(267,966)	\$ (271,700)
Reconciliation to GAAP Basis				
Depreciation			(424,574)	
Capital Outlays			491,797	
Debt Principal			65,266	
Change in Net Position, GAAP Basis			\$ (135,477)	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 1,960,890	\$ 1,931,524	\$ 1,931,234	\$ (290)
Intergovernmental	-	-	270,370	270,370
Grants	15,600	953,600	-	(953,600)
Interest	20,000	100,000	113,102	13,102
Tap Fees	2,250,000	250,000	69,990	(180,010)
Miscellaneous	-	-	634	634
Total Revenue	<u>4,246,490</u>	<u>3,235,124</u>	<u>2,385,330</u>	<u>(849,794)</u>
Expenses				
Operations	2,007,110	2,020,597	1,487,739	532,858
Capital Outlay	3,254,776	950,500	270,370	680,130
Debt Service	385,115	311,015	310,852	163
Transfers Out	<u>3,000</u>	<u>3,000</u>	<u>141,210</u>	<u>(138,210)</u>
Total Expenses	<u>5,650,001</u>	<u>3,285,112</u>	<u>2,210,171</u>	<u>1,074,941</u>
Net Income Budget Basis	\$ <u>(1,403,511)</u>	\$ <u>(49,988)</u>	175,159	\$ <u>225,147</u>
Reconciliation to GAAP Basis				
Depreciation			(548,925)	
Capital Outlay			270,370	
Gain on Capital Asset Disposal			41,409	
Debt Principal			<u>279,816</u>	
Change in Net Position, GAAP Basis			\$ <u>217,829</u>	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 1,469,084	\$ 1,504,409	\$ 1,379,869	\$ (124,540)
Interest Income	24,000	110,000	126,593	16,593
Miscellaneous	-	-	849	849
Capital Contributions	400,000	600,000	16,978	(583,022)
Total Revenue	1,893,084	2,214,409	1,524,289	(690,120)
Expenses				
Operations	1,172,053	1,134,860	956,965	177,895
Capital Outlay	402,200	601,000	609,915	(8,915)
Debt Service	70,749	145,504	154,440	(8,936)
Transfers Out	250	250	60,740	(60,490)
Total Expenses	1,645,252	1,881,614	1,782,060	99,554
Net Income Budget Basis	\$ 247,832	\$ 332,795	(257,771)	\$ (590,566)
Reconciliation to GAAP Basis				
Depreciation			(238,566)	
Capital Outlay			609,915	
Gain on Capital Asset Disposal			94,750	
Debt Principal			128,140	
Change in Net Position, GAAP Basis			\$ 336,468	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Mobility and Parking Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 2,000,260	\$ 3,199,470	\$ 3,109,227	\$ (90,243)
Intergovernmental	-	110,500	53,000	(57,500)
Contributions and Donations	325,000	325,000	387,474	62,474
Interest Income	-	45,000	54,233	9,233
	<u>2,325,260</u>	<u>3,679,970</u>	<u>3,603,934</u>	<u>(76,036)</u>
Expenses				
Operations	1,095,225	1,291,911	42,711	1,249,200
Capital Outlay	25,000	2,333,811	1,592,990	740,821
Mobility/Parking	156,437	304,939	1,796,407	(1,491,468)
Transfers Out	19,500	-	117,495	(117,495)
	<u>1,296,162</u>	<u>3,930,661</u>	<u>3,549,603</u>	<u>381,058</u>
<i>Net Income Budget Basis</i>	<u>\$ 1,029,098</u>	<u>\$ (250,691)</u>	54,331	<u>\$ 305,022</u>
Reconciliation to GAAP Basis				
Depreciation			(189,919)	
Capital Outlay			1,546,128	
Change in Net Position, GAAP Basis			<u>\$ 1,410,540</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
Manitou Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 29, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Office Locations:

Colorado Springs, CO
Denver, CO
Frisco, 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

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 or significant deficiencies may exist that were not identified.

Report on 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, 2024





**HINKLE &
COMPANY**
Strategic PC
Business Advisors

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

Honorable Mayor and Members of the City Council
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' (the City's) 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, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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.

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Denver, CO
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Tulsa, OK

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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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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



Report on Internal Control Over Compliance

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

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

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

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

Hick & Company, PC

Englewood, Colorado
July 29, 2024



City of Manitou Springs, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

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:

Assistance Listing Number	Name of Federal Cluster/Program
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

(Continued)

City of Manitou Springs, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023
(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, 2023

Section I: Financial Statement Findings

None reported for the year ended **December 31, 2022**.

Section II: Federal Award Findings and Questioned Costs

None reported for the year ended **December 31, 2022**.

City of Manitou Springs, Colorado
Schedule of Expenditures Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity's Number	Expenditures
U.S. Department of Transportation			
Pass-through: Colorado Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	17-HA2-XC-00015	\$ <u>668,203</u>
Total U.S. Department of Transportation			<u>668,203</u>
U.S. Department of Treasury			
Pass-through: El Paso County			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>270,370</u>
Total U.S. Department of Treasury			<u>270,370</u>
Total Federal Financial Assistance			\$ <u><u>938,573</u></u>

City of Manitou Springs, Colorado
Notes to Schedule of Expenditures of Awards
For the Year Ended December 31, 2023

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, 2023. 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 has elected not to use the 10 percent de minimis indirect cost rate allowed.

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:

COLORADO

YEAR ENDING (mm/yy):

12/23

This Information From The Records Of:

City of Manitou Springs

Prepared By:

Rebecca Davis

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	\$ 1,923,889.00
3. Other local imposts (from page 2)	\$ 770,903.00
4. Miscellaneous local receipts (from page 2)	\$ 94,633.00
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	\$ -
7. Total (1 through 6)	\$ 2,789,425.00
B. Private Contributions	
C. Receipts from State government (from page 2)	\$ 196,253.00
D. Receipts from Federal Government (from page 2)	\$ 149,160.00
E. Total receipts (A.7 + B + C + D)	\$ 3,134,838.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	\$ 831,052.00
2. Maintenance:	\$ 748,830.00
3. Road and street services:	
a. Traffic control operations	\$ 41,083.00
b. Snow and ice removal	\$ 16,782.00
c. Other-street patching/street lights	\$ 68,772.00
d. Total (a. through c.)	\$ 126,637.00
4. General administration & miscellaneous	\$ 46,974.00
5. Highway law enforcement and safety	\$ 1,381,345.00
6. Total (1 through 5)	\$ 3,134,838.00
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	\$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	\$ -
3. Total (1.c + 2.c)	\$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	\$ 3,134,838.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ -	\$ 3,134,838.00	\$ 3,134,838.00		\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/23	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 23,674.00
1. Sales Taxes	\$ 650,205.00	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	\$ 70,959.00
5. Specific Ownership &/or Other	\$ 120,698.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 770,903.00	h. Other	
c. Total (a. + b.)	\$ 770,903.00	i. Total (a. through h.)	\$ 94,633.00
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 155,259.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 14,824.00	d. Federal Transit Administration	\$ 149,160.00
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other-Road&Bridge/Police traffic grant	\$ 26,170.00	f. Other Federal	
f. Total (a. through e.)	\$ 40,994.00	g. Total (a. through f.)	\$ 149,160.00
4. Total (1. + 2. + 3.f)	\$ 196,253.00	3. Total (1. + 2.g)	\$ 149,160.00
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 176,900.00	\$ 176,900.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 478,192.00	\$ 478,192.00
(4). System Enhancement And Operation	\$ 175,960.00		\$ 175,960.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ 175,960.00	\$ 478,192.00	\$ 654,152.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ 175,960.00	\$ 655,092.00	\$ 831,052.00
(Carry forward to page 1)			
Notes and Comments:			