City of Lamar
Lamar, Colorado

Financial Statements
with
Independent Auditor's Report

For the Year Ended
December 31, 2025

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Independent Auditor's Report

Members of City Council
City of Lamar
Lamar CO 81052

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lamar, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise City of Lamar's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lamar, as of December 31, 2025, 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 City of Lamar 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 City of Lamar's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 City of Lamar'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 City of Lamar'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 budgetary comparison information on pages 63-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management's discussion and analysis, 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. Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Lamar's basic financial statements. The supplementary information on pages 66-80 and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of City of Lamar'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 City of Lamar's internal control over financial reporting and compliance.

rfarmer, llc

September 30, 2026

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows where applicable, of all funds and activities as of December 31, 2025.

City of Lamar, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 4,918,825	$ 13,384,160	$ 18,302,985
Receivables	1,652,001	3,175,091	4,827,092
Internal Balances	1,984,577	(1,984,577)	-
Due from Other Governmental Agencies	-	456,587	456,587
Inventories	-	1,509,274	1,509,274
Other assets	103,474	46,823	150,297
Capital Assets:			
Capital Assets not being Depreciated	6,664,467	6,735,303	13,399,770
Capital Assets being Depreciated	35,362,916	74,736,446	110,099,362
Less: Accumulated Depreciation	(20,902,838)	(41,642,451)	(62,545,289)
Total Capital Assets	21,124,545	39,829,298	60,953,843
Net Pension Asset	1,085,919	-	1,085,919
Total Assets	30,869,341	56,416,656	87,285,997
DEFERRED OUTFLOWS OF RESOURCES			
Net Deferred Outflows Pensions	140,042	1,239,318	1,379,360
Net Deferred Outflows decommissioning	-	857,136	857,136
Net Deferred Outflows OPEB	-	9,103	9,103
Total Deferred Outflows	140,042	2,105,557	2,245,599
Total Assets and Deferred Outflows	31,009,383	58,522,213	89,531,596
LIABILITIES			
Accounts payable and accrued expenses	1,069,680	1,174,906	2,244,586
Deposits held in escrow	124,044	-	124,044
Unearned revenues	1,136,312	-	1,136,312
Customer deposits	-	469,368	469,368
Long-term liabilities:			
Due within one year:			
Long term debt, current portion	461,613	786,045	1,247,658
Accrued interest payable	-	69,033	69,033
Compensated Absences	75,154	12,927	88,081
Due in more than one year:			
Pension and OPEB liability	-	1,484,359	1,484,359
Long term debt, less current portion	1,266,361	4,290,165	5,556,526
Compensated absences	300,614	381,370	681,984
Landfill closure costs	-	414,628	414,628
Total liabilities	4,433,778	9,082,801	13,516,579
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	618,430	-	618,430
Deferred Inflows of Pensions	112,650	961,060	1,073,710
Deferred Inflows of OPEB	-	62,753	62,753
Total Deferred Inflows	731,080	1,023,813	1,754,893
NET POSITION			
Net Investment in Capital Assets	18,572,760	35,598,442	54,171,202
Restricted for:			
Net Pension Assets	1,085,919	-	1,085,919
TABOR	465,000	-	465,000
Unrestricted	5,720,846	12,817,157	18,538,003
Total Net Position	$ 25,844,525	$ 48,415,599	$ 74,260,124

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

City of Lamar, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental Activities							
General Government	$ 3,875,005	$ 386,119	$ 654,323	$ 30,000	$ (2,804,563)	$ -	$ (2,804,563)
Public Safety	5,067,294	343,127	426,795	-	(4,297,372)	-	(4,297,372)
Public Works	1,706,127	19,779	639,627	-	(1,046,721)	-	(1,046,721)
Cemetery	468,448	55,875	-	-	(412,573)	-	(412,573)
Culture and Recreation	3,032,383	230,889	209,506	-	(2,591,988)	-	(2,591,988)
Total governmental activities	14,149,257	1,035,789	1,930,251	30,000	(11,153,217)	-	(11,153,217)
Business-type activities:							
Utility	13,886,406	15,693,713	-	-	-	1,807,307	1,807,307
Water	3,280,507	4,191,521	128,646	456,587	-	1,496,247	1,496,247
Sanitation	1,458,512	1,695,476	-	-	-	236,964	236,964
Ambulance	682,251	455,128	151,000	-	-	(76,123)	(76,123)
Airport	975,252	480,728	-	1,383,872	-	889,348	889,348
Total business-type activities	20,282,928	22,516,566	279,646	1,840,459	-	4,353,743	4,353,743
Total primary government	$ 34,432,185	$ 23,552,355	$ 2,209,897	$ 1,870,459	(11,153,217)	4,353,743	(6,799,474)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					696,926	-	696,926
Cigarette tax					8,649	-	8,649
Sales & SO tax					5,612,504	-	5,612,504
Unrestricted investment earnings					185,453	407,331	592,784
Miscellaneous					919,324	1,276,983	2,196,307
Transfers					2,538,491	(2,538,491)	-
Total general revenues, special items, and transfers					9,961,347	(854,177)	9,107,170
Change in net assets					(1,191,870)	3,499,566	2,307,696
Net position - beginning					27,035,909	44,916,033	71,952,428
Net position - ending					$ 25,844,525	$ 48,415,599	$ 74,260,124

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

City of Lamar, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,137,302	$ 29,929	$ 205,930	$ 1,545,664	$ 4,918,825
Taxes receivable, net	618,430	-	-	-	618,430
Due from other funds	2,074,307	-	-	17	2,074,324
Other receivables	127,565	597,982	269,408	38,616	1,033,571
Prepaid expenses	96,650	-	-	6,824	103,474
Total assets	6,054,254	627,911	475,338	1,591,121	8,748,624
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	196,415	-	41,522	37,378	275,315
Due to other funds	-	106	61,760	27,880	89,746
Deposits	124,044	-	-	-	124,044
Unearned revenue	1,136,312	-	-	-	1,136,312
Accrued salaries and benefits	768,458	-	-	25,907	794,365
Total liabilities	2,225,229	106	103,282	91,165	2,419,782
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	618,430		-	-	618,430
Fund balances:					
Committed	-	-	372,056	129,896	501,952
Nonspendable - Prepaids	96,650	-	-	-	96,650
Restricted	465,000	627,805	-	1,146,821	2,239,626
Unassigned	2,648,945	-	-	-	2,648,945
Unreserved, reported in non-major:					
Special revenue funds	-	-	-	223,239	223,239
Total fund balances	3,210,595	627,805	372,056	1,499,956	5,710,412
Total liabilities and fund balances	$ 6,054,254	$627,911	$ 475,338	$ 1,591,121	$ 8,748,624

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

City of Lamar, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Total fund balance, governmental funds	$	5,710,412
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		22,350,506
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(2,216,393)
Net Position of Governmental Activities in the Statement of Net Position	$	25,844,525

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

City of Lamar, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Sales Tax	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 457,740	$ -	$ -	$ 257,973	$ 715,713
Specific Ownership tax	70,250	-	-	-	70,250
Sales taxes	-	5,542,255	-	-	5,542,255
Fees and fines	33,576	10,573	-	-	44,149
Licenses and permits	82,549	7,840	-	-	90,389
Intergovernmental	1,608,824	-	451,756	299,265	2,359,845
Charges for services	535,858	-	-	315,730	851,588
Investment earnings	165,771	3,808	5,679	13,499	188,757
Miscellaneous	180,781	1,411	136,776	237,597	556,565
Donations	750	-	-	-	750
Total revenues	3,136,099	5,565,887	594,211	1,124,064	10,420,261
EXPENDITURES					
Current:					
General government	3,477,095	123,195	-	180,921	3,781,211
Public safety	3,691,661	-	115,271	917,621	4,724,553
Public works	1,371,013	-	-	-	1,371,013
Cemetery	2,944,679	-	-	-	2,944,679
Culture and recreation	-	-	29,489	267,152	296,641
Debt Service:					
Principal	574,285	-	-	-	574,285
Interest	62,373	-	-	-	62,373
Capital Outlay	2,277,953	-	1,310,920	71,151	3,660,024
Total Expenditures	14,399,059	123,195	1,455,680	1,436,845	17,414,779
Excess (deficiency) of revenues over expenditures	(11,262,960)	5,442,692	(861,469)	(312,781)	(6,994,518)
OTHER FINANCING SOURCES (USES)					
Other financing sources--capital leases	1,370,580	-	-	-	1,370,580
Transfers in	7,849,865	-	137,500	319,660	8,307,025
Transfers out	(318,358)	(5,413,427)	-	-	(5,731,785)
Total other financing sources and uses	8,902,087	(5,413,427)	137,500	319,660	3,945,820
SPECIAL ITEM					
Net change in fund balances	(2,360,873)	29,265	(723,969)	6,879	(3,048,698)
Fund balances - beginning	5,571,468	598,540	1,096,025	1,493,077	8,759,110
Fund balances - ending	$ 3,210,595	$ 627,805	$ 372,056	$ 1,499,956	$ 5,710,412

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

City of Lamar, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds:	$	(3,048,698)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $3,660,024 exceeded depreciation of $1,108,239 in the current period.		2,551,785
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds were more than repayments.		(694,957)
Change in net position of governmental activities	$	(1,191,870)

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

City of Lamar, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Enterprise Funds					
	Utility Fund	**Water**	**Sanitation**	**Ambulance**	**Airport**	**Total**
ASSETS						
Current assets:						
Cash and cash equivalents	$11,610,601	$ 1,589,827	$ 912,805	$ 98,702	$ (827,773)	$ 13,384,162
Accounts Receivable, net	1,631,960	251,653	142,551	409,136	170,788	2,606,088
Due from other funds	2,494	-	-	-	-	2,494
Receivables from other governments	-	456,587	-	-	-	456,587
Other receivables	(8,245)	225,616	351,319	313	-	569,003
Inventories	1,416,258	93,016	-	-	-	1,509,274
Prepaid Expenses	24,054	8,893	7,037	2,845	3,995	46,824
Total current assets	14,677,122	2,625,592	1,413,712	510,996	(652,990)	18,574,432
Non-current assets:						
Capital Assets:						
Land and right of ways	668,327	103,335	18,000	-	-	789,662
Capital assets being depreciated	37,283,094	27,819,621	4,628,161	1,262,418	3,743,152	74,736,446
Construction in Progress	-	874,675	-	-	3,479,750	4,354,425
Intangibles and water rights	-	1,591,216	-	-	-	1,591,216
Less Accumulated depreciation	(25,978,175)	(11,480,062)	(2,121,392)	(1,165,776)	(897,046)	(41,642,451)
Total non-current assets	11,973,246	18,908,785	2,524,769	96,642	6,325,856	39,829,298
Total assets	26,650,368	21,534,377	3,938,481	607,638	5,672,866	58,403,730
DEFERRED OUTFLOWS OF RESOURCES						
Net Deferred Outflows Decommissioning	857,136	-	-	-	-	857,136
Net Deferred Outflows Pensions	1,239,318	-	-	-	-	1,239,318
Net Deferred Outflows OPEB	9,103	-	-	-	-	9,103
Total Deferred Outflows	2,105,557	-	-	-	-	2,105,557
Total assets and deferred outflows	28,755,925	21,534,377	3,938,481	607,638	5,672,866	60,509,287
LIABILITIES						
Current Liabilities:						
Accounts payable	657,028	185,142	26,979	2,864	36,140	908,153
Salaries payable	94,200	29,715	32,084	17,749	-	173,748
Accrued interest payable	50,136	18,896	-	-	-	69,032
Due to other funds	53,474	522,238	685,560	577,690	148,110	1,987,072
Other accrued expenses	18,324	33,771	30,329	-	-	82,424
Compensated absences	76,611	(51,711)	(18,552)	3,855	4,022	14,225
Customer deposits	376,647	92,692	-	-	-	469,339
Long-term debt, current portion	-	777,808	-	-	8,237	786,045
Total current liabilities	1,326,420	1,608,551	756,400	602,158	196,509	4,490,038
Non-current liabilities:						
Compensated absences	260,507	78,497	34,756	7,609	-	381,369
Net pension and OPEB liability	1,484,359	-	-	-	-	1,484,359
Landfill closure costs	-	-	414,628	-	-	414,628
Decommissioning liability	1,200,000	-	-	-	-	1,200,000
Long-term debt, less current portion	-	3,068,477	-	-	21,688	3,090,165
Total non-current liabilities	2,944,866	3,146,974	449,384	7,609	21,688	6,570,521
Total liabilities	4,271,286	4,755,525	1,205,784	609,767	218,197	11,060,559
DEFERRED INFLOWS OF RESOURCES						
Net Deferred Inflows Pensions	961,060	-	-	-	-	961,060
Net Deferred Inflows OPEB	62,753	-	-	-	-	62,753
Total Deferred Inflows	1,023,813	-	-	-	-	1,023,813
Net Position						
Net investment in capital assets	11,973,246	15,062,500	2,110,141	96,642	6,304,168	35,546,697
Unrestricted	11,487,580	1,716,352	622,556	(98,771)	(849,499)	12,878,218
Total Net Position	$23,460,826	$16,778,852	$2,732,697	$ (2,129)	$ 5,454,669	$ 48,424,915

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

City of Lamar, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2025

	Enterprise Funds					
	Utility Fund	**Water**	**Sanitation**	**Ambulance**	**Airport**	**Total**
REVENUES						
Charges for services	$ 15,693,713	$ 4,191,521	$ 1,695,476	$ 455,128	$ 411,073	$ 22,446,911
Miscellaneous	-	25,198	-	-	69,655	94,853
Total operating revenues	15,693,713	4,216,719	1,695,476	455,128	480,728	22,541,764
OPERATING EXPENSES						
Personal services	1,657,159	910,735	785,265	520,399	364,394	4,237,952
Contractual services	-	118,790	-	-	-	118,790
Power and water purchased	8,376,653	437,171	-	-		8,813,824
Utilities	-	12,567	12,702	1,666	35,611	62,546
Repairs and maintenance	2,249,410	242,367	253,437	19,511	-	2,764,725
Other supplies and expenses	147,976	724,705	195,516	34,840	356,402	1,459,439
Insurance claims and expenses	369,685	122,684	40,355	28,293	34,806	595,823
Depreciation	836,516	623,227	175,332	77,454	172,001	1,884,530
Total Operating Expenses	13,637,399	3,192,246	1,462,607	682,163	963,214	19,937,629
Operating income (loss)	2,056,314	1,024,473	232,869	(227,035)	(482,486)	2,604,135
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	347,391	46,736	11,956	1,248	-	407,331
Miscellaneous revenue	1,110,011	6,155	31,925	42,102	75,686	1,265,879
Grants and contributions	-	127,844	-	151,000	-	278,844
Capital grant	-	456,587	-	-	1,383,872	1,840,459
Interest expense	(17,734)	(64,646)	-	-	(2,506)	(84,886)
Miscellaneous expenses	(221,959)	(28,968)	2,158	(89)	(15,531)	(264,389)
Total non-operating revenue (expenses)	1,217,709	543,708	46,039	194,261	1,441,521	3,443,238
Income (loss) before contributions and transfers	3,274,023	1,568,181	278,908	(32,774)	959,035	6,047,373
Transfers in	-	-	-	22,917	-	22,917
Transfers out	(1,847,811)	(402,951)	(310,646)	-	-	(2,561,408)
Change in Net Position	1,426,212	1,165,230	(31,738)	(9,857)	959,035	3,508,882
Total Net Position - beginning	22,034,614	15,613,622	2,764,435	7,728	4,495,634	44,916,033
Total Net Position - ending	$ 23,460,826	$ 16,778,852	$ 2,732,697	$ (2,129)	$ 5,454,669	$ 48,424,915

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

City of Lamar, Colorado
Statement of Cash Flows
Business-Type Activities
For the year ended December 31, 2025

	Business-type Activities Enterprise Fund					
	Utility	Water	Sanitation	Ambulance	Airport	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash from County & Government Subsidies	$ -	$ -	$ -	$ -	$ -	$ -
Cash Received from Charges for Services	$ 15,986,434	$ 4,257,823	$ 1,404,906	$ 365,931	$ 308,843	$ 22,323,937
Cash Received from Miscellaneous Operating Revenues	-	25,198	-	-	-	25,198
Cash Payments to Suppliers for Goods & Services	(12,038,591)	(1,711,122)	(489,870)	(101,226)	(415,172)	(14,755,981)
Cash Payments for Salaries & Benefits	(1,581,492)	(930,488)	(807,631)	(528,299)	(362,645)	(4,210,555)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,366,351	1,641,411	107,405	(263,594)	(468,974)	3,382,599
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Customer Deposits Increase (Decrease)	18,431	8,218	-	-	-	26,649
Increase (Decrease) in Due to other Funds	43,456	112,336	120,196	45,263	15,547	336,798
Transfer In	-	-	-	22,917	-	22,917
Transfer Out	(1,847,811)	(402,951)	(310,646)	-	-	(2,561,408)
Miscellaneous Cash Receipts	888,052	105,031	34,083	193,013	60,155	1,280,334
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(897,872)	(177,366)	(156,367)	261,193	75,702	(894,710)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:						
Current Portion of Long Term Debt Paid	-	(814,936)	-	-	(7,835)	(822,771)
Interest Paid on Debt	(17,734)	(64,646)	-	-	(2,506)	(84,886)
Purchase of Fixed Assets	(389,266)	(879,409)	(1,028,334)	(11,940)	(1,411,889)	(3,720,838)
Capital grants received	-	-	-	-	2,943,021	2,943,021
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(407,000)	(1,758,991)	(1,028,334)	(11,940)	1,520,791	(1,685,474)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received on Investments	347,391	46,736	11,956	1,248	-	407,331
NET CASH PROVIDED BY INVESTING ACTIVITIES	347,391	46,736	11,956	1,248	-	407,331
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,408,870	(248,210)	(1,065,340)	(13,093)	1,127,519	1,209,746
Cash & Cash Equivalents:						
Beginning of Year	10,201,731	1,838,037	1,978,145	111,795	(1,955,292)	12,174,416
End of Year	$ 11,610,601	$ 1,589,827	$ 912,805	$ 98,702	$ (827,773)	$ 13,384,162

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

City of Lamar, Colorado
Statement of Cash Flows
Business-Type Activities
for the year ended December 31, 2025
(Continued)

	Business-type Activities Enterprise Fund					
	Utility	**Water**	**Sanitation**	**Ambulance**	**Airport**	**Totals**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	$ 2,056,314	$ 1,024,473	$ 232,869	$ (227,035)	$ (482,486)	$ 2,604.135
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:						
Depreciation & Amortization	836,516	623,227	175,332	77,454	172,001	1,884.530
Change in Assets and Liabilities:						
(Increase) Decrease in Receivables	292,721	66,302	(290,570)	(89,197)	(171,885)	(192,629)
(Increase) Decrease in Prepaid Expenses	(24,054)	(8,893)	(7,037)	(2,823)	(3,995)	(46,802)
(Increase) Decrease in Inventory	(274,660)	-	-	-	-	(274,660)
Increase (Decrease) in Accrued Liabilities	75,667	(19,753)	(22,366)	(7,900)	1,749	27,397
Increase (Decrease) in Accounts Payable	(596,153)	(43,945)	19,177	(14,093)	15,642	(619,372)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,366,351	$ 1,641,411	$ 107,405	$ (263,594)	$ (468,974)	$ 3,382,599
ANALYSIS OF CASH						
Cash & Cash Equivalents	11,610,601	1,589,827	912,805	98,702	(827,773)	13,384.162
Total	$ 11,610,601	$ 1,589,827	$ 912,805	$ 98,702	$ (827,773)	$ 13,384,162

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

Note 1 Summary of Significant Accounting Policies

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

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

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

Reporting Entity

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

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

The City Council established the Lamar Redevelopment Authority (the Authority) by resolution on September 14, 2009 as a tax increment financing entity. As allowed by statue, the City Council opted to appoint themselves as the governing board of the Authority. The Authority is dependent on property tax revenue, the City significantly influences the operation of the Authority, and the Authority is accountable to the City for financial matters. The Authority is accounted for as a special revenue fund.

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

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating

expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

General Fund

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

Capital Projects Fund

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

Sales Tax Fund

The Sales Tax Fund accounts for sales taxes collected during the year and transfers the taxes to other funds following the adopted budget.

The City also reports the following major proprietary funds:

Water & Sewer Fund

The Water & Sewer Fund accounts for all activities necessary for the provision of water and sewer services to City residents.

Light and Power Fund

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

Sanitation Fund

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

Ambulance Fund

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

Airport Fund

The Airport Fund accounts for all activities necessary for the provision of the airport.

Budgets and Budgetary Accounting

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

August 25	Assessors must submit abstracts of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation. Deadline for County Assessors to certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.
October 15	Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget received.
December 15	Statutory deadline for certification of mill levies to the Board of County Commissioners. Local governments levying a property tax must adopt their budgets before certifying the levy to the County. Local governing body shall enact an ordinance or resolution making appropriations for the ensuing fiscal year.
December 22	Statutory deadline for Board of County Commissioners to levy all taxes and certify the levies.

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

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

Supplemental budgets were adopted due to unanticipated revenues and expenditures.

Cash and Cash Equivalents

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

Reserved Cash and Restricted Cash

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

Property Taxes

Property taxes for the City are levied by the City Council and certified for collection to Prowers County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end.

These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

Receivables

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

Inventory

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

Property, Plant and Equipment

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

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

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

Compensated Absences

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

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

Annual leave is granted, and is intended to be used, on a calendar year basis. Annual leave not used before December 31st, does not carry-over to the next year. All regular employees are eligible for annual leave benefit upon commencement of employment. Regular part-

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

New employees still serving the introductory period will not be eligible to use the annual leave benefit during the introductory period. Part-time or temporary employees are not eligible for annual leave.

On January 1st of each year regular full-time and regular part-time employees shall be granted ten (10) days of sick leave which may be used during the current calendar year. The sick leave benefit is granted and is intended to be used on an annual basis. Sick leave which is not used by December 31st of each calendar year does not carry-over from year-to-year.

Deferred Outflows/Inflows of Resources

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

Net Position/Fund Balance

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

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

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

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

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

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

Net Position/Fund Balance Flow Assumptions

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

Cash Reserves – Utility Fund

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

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

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

Note 2 Cash and Cash Equivalents

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

Petty Cash	$	4,850
Cash Accounts		7,068,652
COLOTRUST		10,973,252
Total Cash and Investments	$	18,046,754

Deposits

Custodial Credit Risk-Deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels ($500,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, all of the City's deposits as shown above were either insured by federal depository insurance or collateralized under PDPA or invested in COLOTRUST and are therefore not deemed to be exposed to custodial credit risk.

Investments

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

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

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

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

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

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

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

Note 3 Capital Assets

The following schedule presents changes in governmental activities capital assets during 2025:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset not being depreciated:				
Land	$ 581,457	$ -	$ -	$ 581,457
Construction in progress	5,666,969	416,040	-	6,083,009
Total capital assets not being depreciated	6,248,426	416,040	-	6,664,466
Capital asset being depreciated:				
Equipment	6,793,057	71,151	-	6,864,208
Vehicles	4,660,620	1,927,969	-	6,588,589
Buildings	5,698,602	789,930	-	6,488,532
Infrastructure	14,966,654	454,934	-	15,421,588
Total capital assets being depreciated	32,118,933	3,243,984	-	35,362,917
Accumulated Depreciation	(19,794,599)	(1,108,239)	-	(20,902,838)
Total capital assets being depreciated, net	12,324,334	2,135,745	-	14,460,079
Governmental activity capital assets, net	$ 18,572,760	$ 2,551,785	$ -	$ 21,124,545

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

General government	$ 242,275
Public safety	302,576
Public works	69,973
Library	46,349
Culture and recreation	332,277
Infrastructure	114,790
Total depreciation expense, Governmental Activities	$ 1,108,239

The following schedule presents business-type activities capital assets at December 31, 2025:

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital asset not being depreciated:				
Land	$ 789,662	$ -	$ -	$ 789,662
Intangibles and water rights	1,591,216	-	-	1,591,216
Construction in progress	2,189,090	2,165,335	-	4,354,425
Total capital assets not being depreciated	4,569,968	2,165,335	-	6,735,303
Capital asset being depreciated:				
Equipment	10,880,649	1,141,287	(159,400)	11,862,536
Buildings and improvements	2,078,078	-	-	2,078,078
Distribution systems	56,674,409	502,766	-	57,177,175
Airport improvements	3,618,657	-	-	3,618,657
Total capital assets being depreciated	73,251,793	1,644,053	(159,400)	74,736,446
Accumulated Depreciation	(40,089,323)	(1,712,529)	159,401	(41,642,451)
Total capital assets being depreciated, net	33,162,470	(68,476)	1	33,093,995
Governmental activity capital assets, net	$ 37,732,438	$ 2,096,859	$ 1	$ 39,829,298

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

Light & Power	$ 836,516
Water	623,227
Sanitation	175,332
Ambulance	77,454
Airport	172,001
Total depreciation expense, Business-Type Activities	$ 1,712,529

Note 4 Long-Term Obligations

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

Business-Type Activities	Beginning Balance	Advances	Repayments	Ending Balance	Current Portion
CWRPDA Note Payable	$ 2,185,656	$ -	$ (366,761)	$ 1,818,895	$ 370,277
2015 CWCB Note Payable	455,041	-	(18,266)	436,775	18,677
2017 CWCB Note Payable	43,606	-	(8,388)	35,218	8,551
2016 DWRF Note Payable	146,627	-	(6,516)	140,111	6,516
2021 DWRF Note Payable	1,000,404	-	(34,697)	965,707	34,870
Honeywell Acquisition Lease	699,476	-	(316,821)	382,655	271,995
2020 Frontier Bank	130,410	-	(63,488)	66,922	66,922
Total Water & Sewer Fund	4,661,220	-	(814,937)	3,846,283	777,808
PERA Net Pension Liability	1,539,913	-	-	1,539,913	-
Net OPEB Liability	119,036	-	-	119,036	-
Total Utility Fund	1,658,949	-	-	1,658,949	-
IRE Enterprises, LLC	37,760	-	(7,835)	29,925	8,237
Total Airport Fund	37,760	-	(7,835)	29,925	8,237
Landfill Post Closure Liability	404,910	9,717	-	414,627	-
Total Sanitation Fund	404,910	9,717	-	414,627	-
Accrued Compensated Absences – All Enterprise Funds	627,043	-	-	627,043	149,755
Total Business-Type Activities	$ 7,389,882	$ 9,717	$ (822,772)	$ 6,576,827	$ 935,800

Business-Type Activities

Colorado Water Resources and Power Development Authority Loans

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

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

A summary of payments follows for the CWRPDA Loans:

	CWRPDA Loans		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 370,277	$ 19,497	$ 389,774
2027	373,217	16,557	389,774
2028	376,187	13,587	389,774
2029	379,157	10,617	389,774
2030	319,997	24,348	344,345
Total	$ 1,818,835	$ 84,606	$ 1,903,441

Colorado Water Conservation Board Loans

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

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

	CWCB Loans		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 18,677	$ 9,828	$ 28,505
2027	19,097	9,408	28,505
2028	19,527	8,978	28,505
2029	19,967	8,538	28,505
2030	20,416	8,089	28,505
2031-2035	109,179	33,346	142,525
2036-2040	122,028	20,497	142,525
2041-2044	107,884	34,641	142,525
Total	$ 436,775	$ 133,325	$ 570,100

During 2016, the City of Lamar Water and Sewer Fund borrowed $195,500 from the Drinking Water Revolving Fund. The terms of repayment are annual payments of $6,516 with no interest and the final payment due May 2047.

	Drinking Water Revolving Fund		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 6,516	$ -	$ 6,516
2027	6,516	-	6,516
2028	6,516	-	6,516
2029	6,516	-	6,516
2030	6,516	-	6,516
2031-2035	32,580	-	32,580
2036-2040	32,580	-	32,580
2041-2045	32,580	-	32,580
2046-2047	9,791	-	9,791
Total	$ 140,111	$ -	$ 140,111

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

	CWCB Loans		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 8,551	$ 687	$ 9,328
2027	8,718	520	9,238
2028	8,888	350	9,238
2029	9,061	18,653	27,714
Total	$ 35,218	$ 20,210	$ 55,428

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

	Frontier Bank Loan		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 66,922	$ 142	$ 67,064

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

	Drinking Water Revolving Fund		
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 34,870	$ 4,785	$ 39,655
2027	35,045	4,610	39,655
2028	35,220	4,435	39,655
2029	35,396	4,259	39,655
2030	35,574	4,081	39,655
2031-2035	180,559	17,716	198,275
2036-2040	185,124	13,151	198,275
2041-2045	189,804	8,471	198,275
2046-2050	194,696	3,579	198,275
2051	39,419	236	39,655
Total	$ 965,707	$ 65,323	$ 1,031,030

During 2021, the City purchased a fuel truck to be used at the airport. Collateral for the fuel truck is the fuel truck. Interest is at 5.00%. Payments are as follows.

Fiscal Year	Principal	Interest	Total
2026	$ 8,237	$ 1,309	$ 9,546
2027	8,658	888	9,546
2028	9,101	445	9,546
2029	3,929	48	3,977
Total	$ 29,925	$ 2,690	$ 32,615

Honeywell Lease Payable – Business-Type Activities

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

	Honeywell Lease		
Fiscal Year	Principal	Interest	Total
2026	$ 271,995	$ 7,891	$ 279,886
2027	110,660	1,226	111,886
Total	$ 382,655	$ 9,117	$ 391,772

Governmental Activities

Lease Payable

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

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

A summary of the lease payments follows:

Fiscal Year	Fire Truck Payment	Totals
2026	$ 43,223	$ 43,223
2027	43,223	43,223
Total Future Payments	86,446	86,446
Less: Interest Portion	(4,929)	(4,929)
Present Value of Payments	$ 81,517	$ 81,517

Lease Agreements

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

Governmental Activities	Beginning Balance	Advances	Repayments	Ending Balance	Current Portion
Equipment Capital Leases	$ 931,679	$ 1,370,580	$ (574,285)	$ 1,727,974	$
Accrued Compensated Absences	458,353	-	(82,585)	375,768	
Total Governmental Activities	$ 1,390,032	$ 1,370,580	$ (656,870)	$ 2,103,742	$

During 2021, the City entered into a lease purchase agreement for 2 Dodge Ram 1500 pickups for $57,646. The note calls for five annual payments beginning July 2021 of $12,188 principal and interest, each. The note is secured by the vehicles. Interest is at 2.89%. The agreement was paid in full in 2025.

During 2021, the City entered into a lease agreement for surveying equipment for $50,290. The note calls for five annual payments beginning July 2021 of $10,659 principal and interest, each. The note is secured by the equipment. Interest is at 2.89%. The agreement was paid in full in 2025.

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

Fiscal Year	Principal	Interest	Total
2026	$ 58,173	$ 7,772	$ 65,945
2027	59,650	6,295	65,945
2028	61,165	4,780	65,945
2029	62,719	3,226	65,945
2030	64,312	1,638	65,950
Total	$ 306,019	$ 23,711	$ 329,730

During 2022, the City entered into 3 separate lease agreements for 3 vehicles. Collateral for the 3 leases are the vehicles. Interest is 2.69%, 2.76%, and 2.76%. Payments are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 9,718	$ 261	$ 9,979

Fiscal Year	Principal	Interest	Total
2026	$ 7,295	$ 200	$ 7,495

Fiscal Year	Principal	Interest	Total
2026	$ 7,134	$ 197	$ 7,331

During 2023, the City entered into a lease agreement for three police vehicles for $127,707. The note calls for four annual payments beginning November 2024 in the amount of

$29,862, principal and interest, each. The note is secured by the equipment. There was a down payment of $24,500 made in November 2023. Interest is at 5.85%, future payments are:

Fiscal Year	Principal	Interest	Total
2026	$ 26,492	$ 3,190	$ 29,682
2027	28,042	1,640	29,682
Total	$ 54,534	$ 4,830	$ 59,364

During 2023, the City entered into a lease agreement for an asphalt paver for $232,631. The note calls for nine annual payments beginning June 2023 in the amount of $29,148, principal and interest, each. The note is secured by the equipment. There was a down payment of $29,148 made in June 2023. Interest is at 5.35%, future payments are:

Fiscal Year	Principal	Interest	Total
2026	$ 20,239	$ 8,909	$ 29,148
2027	21,321	7,827	29,148
2028	22,372	6,776	29,148
2029	23,664	5,484	29,148
2030	24,930	4,218	29,148
2031	26,264	2,884	29,148
2032	27,668	1,480	29,148
Total	$ 166,458	$ 37,578	$ 204,036

During 2022, the City entered into a lease agreement for a pickup for $44,360. The note calls for five annual payments beginning July 2022 in the amount of $9,537, principal and interest, each. The note is secured by the equipment. There was a down payment of $9,537 made in June 2022. Interest is at 3.75%, future payments are:

Fiscal Year	Principal	Interest	Total
2026	$ 9,192	$ 345	$ 9,537

During 2022, the City entered into a lease purchase agreement for broom sweeper. The terms of the agreement call for five annual payments of $65,454, principal and interest, at an interest rate of 3.98%. Collateral for the loan is the broom sweeper.

Fiscal Year	Principal	Interest	Total
2026	$ 62,950	$ 2,504	$ 65,454

During 2024, the City entered into a lease purchase agreement for a vehicle. The terms of the agreement call for five annual payments of $8,617, principal and interest, at an interest rate of 5.6%. Collateral for the loan is the vehicle.

Fiscal Year	Principal	Interest	Total
2026	$ 7,317	$ 1,300	$ 8,617
2027	7,727	890	8,617
2028	8,159	461	8,620
Total	$ 23,203	$ 2,651	$ 25,854

During 2024, the City entered into a lease purchase agreement for a vehicle. The terms of the agreement call for five annual payments of $8,275, principal and interest, at an interest rate of 5.54%. Collateral for the loan is the vehicle.

Fiscal Year	Principal	Interest	Total
2026	$ 7,042	$ 1,233	$ 8,275
2027	7,432	843	8,275
2028	7,780	429	8,209
Total	$ 22,254	$ 2,505	$ 24,759

During 2024, the City entered into a lease purchase agreement for major equipment. The terms of the agreement call for ten annual payments of $44,726, principal and interest, at an interest rate of 5.60%. Collateral for the loan is the equipment.

Fiscal Year	Principal	Interest	Total
2026	$ 28,923	$ 15,802	$ 44,725
2027	30,543	14,182	44,725
2028	32,253	12,472	44,725
2029	34,059	10,666	44,725
2030	35,967	8,758	44,725
2031	37,981	6,744	44,725
2032	40,108	4,617	44,725
2033	42,354	2,371	44,725
Total	$ 282,188	$ 75,612	$ 357,800

During 2024, the City entered into a lease purchase agreement for a vehicle. The terms of the agreement call for five annual payments of $10,909, principal and interest, at an interest rate of 5.45%. Collateral for the loan is the vehicle.

Fiscal Year	Principal	Interest	Total
2026	$ 9,284	$ 1,625	$ 10,909
2027	9,796	1,113	10,909
2028	10,336	573	10,909
Total	$ 29,416	$ 3,311	$ 32,727

During 2025, the City entered into a lease purchase agreement for a vehicle. The terms of the agreement call for five annual payments of $13,575, principal and interest, at an interest rate of 4.90%. Collateral for the loan is the vehicle. There was a down payment of $13,575 made in 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 11,210	$ 2,365	$ 13,575
2027	11,760	1,815	13,575
2028	12,336	1,239	13,575
2029	12,942	633	13,575
Total	$ 48,248	$ 6,052	$ 54,300

During 2025, the City entered into a lease purchase agreement for four vehicles. The terms of the agreement call for five annual payments of $38,689, principal and interest, at an interest rate of 4.89%. Collateral for the loan are the vehicles. There was a down payment of $38,689 made in 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 31,881	$ 6,808	$ 38,689
2027	33,461	5,228	38,689
2028	35,120	3,569	38,689
2029	36,857	1,832	38,689
Total	$ 137,319	$ 17,437	$ 154,756

During 2025, the City entered into a lease purchase agreement for a vehicle. The terms of the agreement call for five annual payments of $14,060, principal and interest, at an interest rate of 4.90%. Collateral for the loan is the vehicle. There was a down payment of $14,060 made in 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 11,611	$ 2,449	$ 14,060
2027	12,180	1,880	14,060
2028	12,777	1,283	14,060
2029	13,403	657	14,060
Total	$ 49,971	$ 6,269	$ 56,240

During 2025, the City entered into a lease purchase agreement for a loader. The terms of the agreement call for ten annual payments of $29,203, principal and interest, at an interest rate of 4.74%. Collateral for the loan is the loader. There was a down payment of $29,203 made in 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 19,142	$ 10,061	$ 29,203
2027	20,062	9,141	29,203
2028	21,004	8,199	29,203
2029	22,035	7,168	29,203
2030	23,094	6,109	29,203
2031	24,204	4,999	29,203
2032	25,357	3,846	29,203
2033	26,586	2,617	29,203
2034	27,863	1,340	29,203
Total	$ 209,347	$ 53,300	$ 262,827

During 2025, the City entered into a lease purchase agreement for a fire truck. The terms of the agreement call for ten annual payments of $100,994, principal and interest, at an interest rate of 4.65%. Collateral for the loan is the fire truck. There was a down payment of $100,994 made in 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 67,088	$ 33,906	$ 100,994
2027	70,207	30,787	100,994
2028	73,472	27,522	100,994
2029	76,889	24,105	100,994
2030	80,464	20,530	100,994
2031	84,205	16,789	100,994
2032	88,121	12,873	100,994
2033	92,219	8,775	100,994
2034	96,507	4,487	100,994
Total	$ 729,172	$ 179,774	$ 908,946

Note 5 Interfund Transactions

The City has recorded the following routine transfers:

	Transfers In	Transfers Out
General Fund	$ 7,849,865	$ 318,358
Sales Tax	-	5,450,177
Capital Improvement	137,500	-
Sanitation Fund	-	310,646
Water Fund	-	402,951
Utility Fund	-	1,847,810
Ambulance Fund	22,917	-
Nonmajor Govt. Funds	319,660	-
Totals	$ 8,329,942	$ 8,329,942

Note 6 Employee Benefit Plans

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The City of Lamar – Light and Power Fund (Light & Power Fund) 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/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. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Light & Power Fund 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.

Benefits provided as of December 31, 2023. 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. 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. For Safety Officers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2024: Eligible employees of Light & Power 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 1, 2023 through December 31, 2024 are summarized in the table below:

	January 1, 2024 Through December 31, 2024
Employee contribution (all employees other than Safety Officers)	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 other than Safety Officers are summarized in the table below:

	January 1, 2024 Through December 31, 2024
Employer contribution rate	11.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the LGDTF	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%
Total employer contribution rate to the LGDTF	**13.76%**

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Light & Power Fund is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Light & Power Fund were $290,525 for the year ended December 31, 2025.

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

At December 31, 2024, the Light & Power Fund proportion was .2277965%, which is materially the same as its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Light & Power Fund recognized pension expense of $272,028. At December 31, 2025, the Light & Power Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 105,472	$ -
Changes of assumptions or other inputs	41,252	-
Net difference between projected and actual earnings on pension plan investments	1,092,594	961,060
Contributions subsequent to the measurement date	272,028	N/A
Total	$ 1,511,346	$ 961,060

$272,028 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. 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:	
2026	$ 255,772
2027	333,264
2028	(222,637)
2029	(88,141)
Thereafter	$ -

Actuarial assumptions. The TPL in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.20% - 11.30%
Safety Officers	3.20% - 12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Pre-Retirement	**Mortality Table**	**Adjustments, as applicable**
State and Local Government Divisions (members other than safety officers)	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as applicable**
State and Local Government Divisions (members other than safety officers)	PubG-2010 Healthy Retiree	**Males:** 94% of the rates prior to age 80 / 90% of the rates age 80 and older **Females:** 87% of the rates prior to age 80 / 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males:** 97% of the rates for all ages **Females:** 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as applicable**
Members other than safety officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

The PERA Board first adopted the 7.25% 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, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

Discount Rate, All Divisions. The discount rate used to measure the total pension liability was 7.25%. The basis for the projection of liabilities and FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of each of the Division Trust Funds as of the current measurement date (December 31, 2024). 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%.

- 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.

Discount Rate, Local Government Division.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year and 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. 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 rate equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and the 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.

- As of December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $486 and $20, respectively.

Sensitivity of the Light & Power Fund proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability/(asset)	$ 3,059,406	$ 1,397,755	$ 1,779

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.

Funding Policy. All participating employees in the PERA DC Plan and the Light & Power Fund are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period January 1, 2023 through December 31, 2023 are summarized in the tables below:

	Local Government Division
Employee Contribution Rates	11.00%
Amount of employer contribution apportioned to the applicable Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the Division Trust Fund	9.98%
PCOP offset as specified in C.R.S. § 24-51-411	-%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Defined contribution supplement as specified in C.R.S. § 24-51-415	0.08%
Total Contribution rate to the Division Trust Fund	13.76%

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description. Employees of the Light & Power Fund that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Light & Power Fund does not match employee contributions. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings.

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description. Eligible employees of the LGDTF hired on or after January 1, 2019, have the option to participate in the LGDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERA DC Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Defined Contribution Plans – Money Purchase Pension Plan

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

The policemen have established a money purchase defined contribution pension plan (FPMP for new hires). FPMP may be amended by action of the Retirement Board with the approval of at least 65% of actively employed eligible employees and former employees entitled to FPMP benefits. The plan was maintained through Fidelity Advisor Funds and American Century Funds through September 2023. Effective October 2023, the plan administration was moved to Empower. The participants are required to contribute 8% of their eligible salaries, and the City contributes 9%. For 2024, the City contributed $87,279 and participants contributed $77,582.

Deferred Compensation Plan - 457 Plan

In 1997, the City offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits the employees to defer a portion of their salary. The deferred portion is not available to employees until termination, retirement, death or an unforeseeable emergency. The plan is managed by One America. During 2023, the City added a ROTH 457 option for the employee's benefit. The One America plan also covers firemen. In addition, the City has a plan specific for the City Administrator, through ICMA. The contributions to the ICMA plan are limited to 2%.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or beneficiary) solely the property and rights

of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account of each participant.

Volunteer Firefighters' Pension Plan

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

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

All City volunteer firefighters participate in this non-contributing local defined benefit pension plan administered by FPPA. For the year ended December 31, 2025, the City has acted as the trustee for the plan and has authority to amend benefit provisions.

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

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

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

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

As established by the legislature, the State of Colorado contributes up to 90% of the City's contribution. The contributions are not actuarially determined.

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

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

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

Net Pension Liability/(Asset)		
Total Pension Liability	$	392,466
Plan Fiduciary Net Position		1,478,385
Net Pension Liability/(Asset)	$	(1,085,919)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		376.69%
Net Pension Liability/(Asset) as a Percentage of Covered Payroll		N/A
Development of the Single Discount Rate		
Single Discount Rate		7.00%
Long-Term Expected Rate of Investment Return		7.00%
Long-Term Municipal Bond Rate		3.77%
Last year ending December 31 in the 2024 to 2123 projection period for which projected benefit payments are fully funded		2123
Total Pension Expense/(Income)	$	(74,721)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 28,946
Changes in assumptions	6,629	-
Net difference between projected and actual earnings on pension plan investments	133,413	83,704
Total	$ 140,042	$ 112,650

Actuarial Assumptions – The January 1, 2022 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal years ending December 31, 2023 and 2024.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open *
Remaining Amortization Period	20 Years *
Asset Valuation Method	5 – Year smoothed fair value
Inflation	2.50%
Salary Increase	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year eligibility until 100% at age 65
Mortality	**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.

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	4.32%
Fixed Income – Rates	10.00%	5.35%
Fixed Income – Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	100.00%	

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate for the Measurement Period Ended December 31, 2023

The following presents the City's net position calculated using the discount rate of 7.00%, as well as what the City's net position would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Single Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate Share of the Net Pension (Asset)	$ (1,028,837)	$ (1,085,919)	$ (1,131,791)

Pension Plan Fiduciary Net Position

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

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

A.	Total Pension Liability	
1.	Service Cost	$ 5,106
2.	Interest on the Total Pension Liability	25,955
3.	Benefit Changes	-
4.	Difference Between Expected and Actual Experience on the Total Pension Liability	-
5.	Changes of Assumptions	-
6.	Benefit Payments	(13,500)
7.	Net Changes in Total Pension Liability	17,561
8.	Total Pension Liability - Beginning	374,905
9.	Total Pension Liability - Ending	$ 392,466
B.	Plan Fiduciary Net Position	
1.	Contributions - Employer	$ 6,592
2.	Net Investment Income	130,951
3.	Benefit Payments	(13,500)
4.	Pension Plan Administrative Expense	(8,486)
5.	State of Colorado Supplemental Discretionary Payment	5,932
6.	Net Change in Plan Fiduciary Net Position	121,489
7.	Plan Fiduciary Net Position - Beginning	1,356,896
8.	Plan Fiduciary Net Position - Ending	$ 1,478,385
C.	Net Pension Liability/(Asset) – (Item A.9 – Item B.8)	$ (1,085,919)
D.	Plan Fiduciary Net Position as a percentage of the Total Pension Liability – (Item B.8 / Item A.9)	376.69%
E.	Covered Employee Payroll	N/A
F.	Net Pension Liability/(Asset) as a percentage of Covered Payroll	N/A

Membership – As of the January 1, 2023 measurement date, pension plan membership consisted of the following:

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

Note 7 Post Employment Healthcare Benefits

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Light & Power Fund are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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.

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

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

Enrollment in the PERACare 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 HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Light & Power Fund is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Light & Power Fund were $18,771 for the year ended December 31, 2025.

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

At December 31, 2025, the Light & Power Fund reported a liability of $86,604 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Light & Power Fund proportion of the net OPEB liability was based on Light & Power Fund contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Light & Power Fund proportion was 0.0181117%, which is approximately the same as its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Light & Power Fund recognized OPEB expense of $18,771. At December 31, 2025, the Light & Power Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 27,253
Changes of assumptions/other inputs	993	27,684
Net difference between projected and actual earnings on pension plan investments	8,110	7,816
Contributions subsequent to the measurement date	18,771	N/A
Total	$ 27,874	$ 62,753

$18,771 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2025	$ (13,304)
2026	(7,843)
2027	(10,710)
2028	(6,613)
2029	(4,563)
Thereafter	$ (2,466)

Actuarial assumptions. The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Local Government Division
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 Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	

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% 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 and again at the Board's September 20,

2024 meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

Sensitivity of the Light and Power Fund proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

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

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability	$ 465,284	$ 478,167	$ 492,747

[1]For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of each of the Health Care Trust Funds as of the current measurement date (December 31, 2024).

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net OPEB liability	$ 106,135	$ 86,659	$ 69,766

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.

Note 8 Risk Management

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

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

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

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

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

Note 9 Related Parties

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

Over succeeding years, the Parties to the agreement(s) have changed. Some original member municipalities have left ARPA and the terms of the Power Purchase Agreement(s) between the member municipalities have also changed to accommodate changes in the regulatory environment, economic conditions, and the condition of the electric generating assets of the member municipalities, to the point where all of the member municipalities now purchase all of their electric energy from ARPA, including the City's electric Light and Power enterprise, LUB.

During 2025, purchases of power by the City from ARPA totaled $8,376,653.

Note 10 Landfill Closure and Post Closure Liability

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

For the year ended December 31, 2025, the estimated cost to perform all closure and post closure care was $1,194,258, based on a cost estimate completed in February 2024. The costs were comprised of $779,630 of closure costs and $414,628 of post-closure costs. The City currently filled an estimated 491,900 cubic meters on overall capacity of 1,314,539 cubic meters, for an estimated used amount of slightly more than 37%. Based on this usage, the City has recorded an inflation adjusted long-term liability of $414,628, with current expense increase of $9,717. This increase in the liability is primarily related to Colorado Department of Public Health and Environment modifications to closure and post-closure costs and the annual inflation factor of approximately 1.012%. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care or to exhibit financial assurance that it is able to finance these costs without the contributions to a trust. The City has demonstrated financial assurance and has restricted $414,470 of its available cash balance to meet this liability and as a result has not made any contributions to a trust.

Note 11 Commitments and Contingencies

TABOR Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. On December 31, 2025, the emergency reserve of $465,000 was recorded in the General Fund.

The general fund, sales tax fund, conservation trust fund, and victims assistance fund, overspent their budgets which may be a violation of Colorado Revised Statutes. The utility fund budgeted a deficit fund balance which may be a violation of Colorado Revised Statutes.

Note 12 Asset Retirement Obligations

As the owner of three wind turbines, Light and Power is subject to obligations regarding asset retirement and decommissioning. Through consultations with a firm experienced in the construction and decommissioning of wind turbines, Light and Power established a present-day cost estimate for decommissioning the wind turbines. Accounting for an annual inflation rate of 3% and based on an estimated remaining useful life of seven years as of December 31, 2025, the estimated final decommissioning cost is projected to be $1,200,000. Currently, there are not any legally mandated funding and assurance provisions, nor have any assets been restricted for the settlement of the estimated liability.

Light and Power will annually determine the estimated costs and remaining useful life and make any adjustments required.

Note 13 Restatement of Fund Balance

During the audit it was noted that not all accounts were properly carried forward during the conversion and that some account balances were not correct. As a result, the beginning fund balance of the general fund was restated.

Original balance	$ 5,879,339
Amount of restatement	(307,871)
Restated balance	$ 5,571,468

The net position was also affected by the conversion:

Original net position	$ 27,434,854
Amount of restatements	(398,945)
Restate net position	$ 27,035,909

REQUIRED SUPPLEMENTARY INFORMATION

(Pension Schedules)

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

	For the Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension asset (liability)		0.2097857%	0.2233650%	0.2288802%	0.2338966%	0.2457920%	0.24254690%	0.237995%	0.261972%	0.226729%	0.342544%
City's proportionate share of the net pension asset (liability)		$ -	$ (2,239,375)	$ 196,235	$ (1,218,864)	$ (1,797,686)	$ (3,049,331)	$ (2,649,906)	$ (3,537,518)	$ (2,938,240)	$ (3,070,251)
City's covered payroll		$ 1,843,010	$ 1,828,923	$ 1,703,311	$ 1,650,932	$ 1,692,641	$ 1,590,848	$ 1,501,372	$ 1,587,879	$ 1,514,816	$ 1,876,987
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll		0.00%	(122.44%)	11.52%	(73.83%)	(106.21%)	(191.68%)	(176.50%)	(222.78%)	(193.97%)	(163.57%)
Plan fiduciary net position as a percentage of the total pension liability		82.99%	82.99%	101.49%	90.88%	86.26%	75.95%	79.37%	73.65%	76.87%	80.72%

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

	For the Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 272,028	$ 253,230	$ 246,161	$ 224,805	$ 213,505	$ 214,627	$ 233,630	$ 190,374	$ 201,343	$ 192,079
Actual Contributions	(272,028)	(253,230)	(246,161)	(224,805)	(213,505)	(214,627)	(233,630)	(190,374)	(201,343)	(192,079)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,840,294	$ 1,843,010	$ 1,828,923	$ 1,703,311	$ 1,650,932	$ 1,692,640	$ 1,590,848	$ 1,501,372	$ 1,587,879	$ 1,514,816
Contributions as a percentage of covered payroll	14.78%	13.74%	13.46%	13.19%	12.93%	12.68%	14.69%	12.68%	12.68%	12.68%

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

	For the Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 5,106	$ 5,106	$ 4,392	$ 4,392	$ 5,734	$ 5,734	$ 6,592	$ 6,592	$ 5,643	$ 5,643
Interest	25,955	25,955	24,651	23,438	24,494	23,232	26,248	24,794	15,999	15,196
Differences between expected and actual experience	-	-	(3,311)	-	(34,160)	-	(54,349)	-	99,193	-
Changes of assumptions	-	-	4,515	-	-	-	15,530	-	7,613	-
Benefits payments	(13,500)	(13,500)	(10,500)	(10,500)	(10,500)	(11,350)	(12,000)	(12,000)	(11,315)	(9,000)
Net changes in total pension liability	17,561	17,561	19,747	17,330	(14,432)	17,616	(17,979)	19,386	117,133	11,839
Total Pension Liability - Beginning	374,905	374,905	355,158	337,828	352,260	334,644	352,623	333,237	216,104	204,265
Total Pension Liability - Ending (a)	$ 392,466	$ 392,466	$ 374,905	$ 355,158	$ 337,828	$ 352,260	$ 334,644	$ 352,623	$ 333,237	$ 216,104
Plan Fiduciary Net Position										
Contributions - Employer	$ 6,592	$ 6,592	$ 6,592	$ 6,592	$ 6,592	$ 6,592	$ 14,200	$ 14,200	$ 14,200	$ 14,200
Net investment income	130,951	130,951	(118,907)	191,188	150,976	143,430	(22)	127,194	44,326	14,222
Benefit payments, including refunds of employee contributions	(13,500)	(13,500)	(10,500)	(10,500)	(10,500)	(11,350)	(12,000)	(12,000)	(11,315)	(9,000)
Administrative expense	(8,486)	(8,486)	(6,018)	(5,484)	(5,026)	(10,501)	(10,110)	(9,182)	(1,578)	(2,364)
State of Colorado discretionary payment	5,932	5,932	5,932	11,864	-	25,560	-	12,780	12,780	12,780
Net change in plan fiduciary net position	121,489	121,489	(122,901)	193,660	142,042	153,731	(7,932)	132,992	58,413	29,838
Plan Fiduciary Net Position - Beginning	1,356,896	1,356,896	1,479,797	1,286,137	1,144,095	990,364	998,296	865,304	806,891	777,053
Plan Fiduciary Net Position - Ending (b)	$ 1,478,385	$ 1,478,385	$ 1,356,896	$ 1,479,797	$ 1,286,137	$ 1,144,095	$ 990,364	$ 998,296	$ 865,304	$ 806,891
City's Net Pension Liability/(Asset) - Ending (a) - (b)	$ (1,085,919)	$ (1,085,919)	$ (981,991)	$ (1,124,639)	$ (948,309)	$ (791,835)	$ (655,720)	$ (645,673)	$ (532,067)	$ (590,787)

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

	For the Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension asset (liability)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
City's proportionate share of the net pension asset (liability)	$ 1,085,919	$ 1,085,919	$ 981,991	$ 1,124,639	$ 948,309	$ 791,835	$ 655,720	$ 645,673	$ 532,067	$ 590,787
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	376.69%	376.69%	361.93%	466.66%	380.71%	325.79%	295.95%	283.11%	259.67%	373.38%

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

	For the Years Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Actual Contributions	12,524	12,524	12,524	18,456	6,592	32,152	14,200	26,980	26,980	26,980
Contribution deficiency (excess)	$ (12,524)	$ (12,524)	$ (12,524)	$ (18,456)	$ (6,592)	$ (32,152)	$ (14,200)	$ (26,980)	$ (26,980)	$ (26,980)
City's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	For the Years Ended December 31,								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net OPEB asset (liability)	0.0018112%	0.0166781%	0.0180230%	0.017795%	0.017853%	0.018824%	0.018809%	0.018493%	0.020110%
City's proportionate share of the net OPEB asset (liability)	$ (86,604)	$ (119,036)	$ (147,154)	$ 153,447	$ (169,642)	$ (211,589)	$ (225,911)	$ (240,339)	$ (260,732)
City's covered payroll	$ 1,840,294	$ 1,843,010	$ 1,828,923	$ 1,703,311	$ 1,650,932	$ 1,692,640	$ 1,590,848	$ 1,501,373	$ 276,273
City's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	(4.71%)	(6.46%)	(8.05%)	9.01%	(10.28%)	(12.50%)	(14.20%)	(16.01%)	(94.37%)
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.70%

[1] - Additional years will be added to this schedule as they become available.

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

	For the Years Ended December 31,								
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Contractually required contributions	$ 18,771	$ 18,798	$ 18,655	$ 17,373	$ 16,839	$ 17,265	$ 16,227	$ 15,314	$ 2,818
Actual Contributions	(18,771)	(18,798)	(18,655)	(17,373)	(16,839)	(17,265)	(16,227)	(15,314)	(2,818)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,840,294	$ 1,843,010	$ 1,828,923	$ 1,703,311	$ 1,650,932	$ 1,692,640	$ 1,590,848	$ 1,501,373	$ 276,273
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

[1] - Additional years will be added to this schedule as they become available.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lamar, Colorado
Budget and Actual
General
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 452,677	$ 452,677	$ 457,740
SO Taxes	50,000	50,000	70,250
Fees and fines	44,200	44,200	33,576
Licenses and permits	289,800	289,800	82,549
Intergovernmental	922,439	1,921,289	1,608,824
Charges for services	695,300	695,300	535,858
Gifts and grants	20	20	750
Interest earnings	171,150	171,150	165,771
Miscellaneous	278,750	278,750	180,781
Total revenues	2,904,336	3,903,186	3,136,099
EXPENDITURES			
Current:			
General government	3,146,498	3,146,498	3,477,095
Public Safety	3,031,893	3,031,893	3,691,661
Highways and roads	1,286,430	1,286,430	1,371,013
Cemetery	2,811,022	2,811,022	2,944,679
Debt Service:			
Principal	632,615	632,615	574,285
Interest and other charges	-	-	62,373
Capital Outlay	1,617,350	1,617,350	2,277,953
Total Expenditures	12,525,808	12,525,808	14,399,059
Excess (deficiency) of revenues over expenditures	(9,621,472)	(8,622,622)	(11,262,960)
OTHER FINANCING SOURCES (USES)			
Other financing sources--capital leases	-	-	1,370,580
Transfers in	8,984,219	8,984,219	7,849,865
Transfers out	(370,447)	(370,447)	(318,358)
Total other financing sources and uses	8,613,772	8,613,772	8,902,087
Net change in fund balances	(1,007,700)	(8,850)	(2,360,873)
Fund balances - beginning	7,709,001	7,709,001	5,571,468
Fund balances - ending	$ 6,701,301	$ 7,700,151	$ 3,210,595

City of Lamar, Colorado
Budget and Actual
Capital Projects
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	$ 2,540,000	$ 2,540,000	$ 451,756
Charges for services	557,600	557,600	-
Investment earnings	3,200	3,200	5,679
Miscellaneous	300,000	300,000	136,776
Total revenues	3,400,800	3,400,800	594,211
EXPENDITURES			
Current:			
Public Safety	170,000	170,000	115,271
Culture and recreation	200,000	200,000	29,489
Capital Outlay	3,457,600	3,457,600	1,310,920
Total Expenditures	3,827,600	3,827,600	1,455,680
Excess (deficiency) of revenues over expenditures	(426,800)	(426,800)	(861,469)
OTHER FINANCING SOURCES (USES)			
Other Sources	300,000	300,000	-
Transfers in	150,000	150,000	137,500
Total other financing sources and uses	450,000	450,000	137,500
Net change in fund balances	23,200	23,200	(723,969)
Fund balances - beginning	202,564	202,564	1,096,025
Fund balances - ending	$ 225,764	$ 225,764	$ 372,056

City of Lamar, Colorado
Budget and Actual
Sales Tax
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Sales and miscellaneous taxes	$ 5,700,000	$ 6,700,000	$ 5,542,255
Fees and fines	6,000	6,000	10,573
Licenses and permits	10,000	10,000	7,840
Investment earnings	1,050	1,050	3,808
Miscellaneous	20	20	1,411
Total revenues	5,717,070	6,717,070	5,565,887
EXPENDITURES			
Current:			
General government	80,000	80,000	123,195
Total Expenditures	80,000	80,000	123,195
Excess (deficiency) of revenues over expenditures	5,637,070	6,637,070	5,442,692
OTHER FINANCING SOURCES (USES)			
Transfers out	(5,637,070)	(6,637,070)	(5,413,427)
Total other financing sources and uses	(5,637,070)	(6,637,070)	(5,413,427)
Net change in fund balances	-	-	29,265
Fund balances - beginning	614,761	614,761	598,540
Fund balances - ending	$ 614,761	$ 614,761	$ 627,805

City of Lamar, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2025

	Conservation Trust	Lamar Redevelopment Authority	Victims Assistance	E-911	Fairmount Investment Trust	Library	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents	$ 54,684	$ 952,646	$ 52,952	$163,858	$ 242,956	$ 78,568	$ 1,545,664
Due from other funds	-	-	17	-	-	-	17
Other receivables	-	-	23	37,471	1,122	-	38,616
Prepaid expenses	-	-	-	6,824	-	-	6,824
Total assets	54,684	952,646	52,992	208,153	244,078	78,568	1,591,121
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	3,565	1,552	29,336	2,813	112	37,378
Due to other funds	-	-	-	27,880	-	-	27,880
Other accrued expenses	-	-	-	25,907	-	-	25,907
Total liabilities	-	3,565	1,552	83,123	2,813	112	91,165
Fund balances:							
Committed	-	-	51,440	-	-	78,456	129,896
Restricted	54,684	949,081	-	-	241,265	-	1,245,030
Unrestricted	-	-	-	125,030	-	-	125,030
Total fund balances	54,684	949,081	51,440	125,030	241,265	78,456	1,499,956
Total liabilities and fund balances	$ 54,684	$ 952,646	$ 52,992	$208,153	$ 244,078	$ 78,568	$ 1,591,121

City of Lamar, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2025

	Conservation Trust	Lamar Redevelopment Authority	Victims Assistance	E-911	Fairmount Investment Trust	Library	Total Special Revenue Funds
REVENUES							
Property taxes	$ -	$ 257,973	$ -	$ -	$ -	$ -	$ 257,973
Intergovernmental	90,390	-	-	196,425	-	12,450	299,265
Charges for services	-	-	8,351	292,126	15,253	-	315,730
Investment earnings	931	6,941	822	1,376	3,037	392	13,499
Miscellaneous	103,810	-	262	121,077	-	12,448	237,597
Total revenues	195,131	264,914	9,435	611,004	18,290	25,290	1,124,064
EXPENDITURES							
Current:							
General government	-	180,921	-	-	-	-	180,921
Public Safety	-	-	17,933	899,688	-	-	917,621
Culture and recreation	250,129	-	-	-	-	17,023	267,152
Capital Outlay	-	-	-	43,863	27,288	-	71,151
Total Expenditures	250,129	180,921	17,933	943,551	27,288	17,023	1,436,845
Excess (deficiency) of revenues over expenditures	(54,998)	83,993	(8,498)	(332,547)	(8,998)	8,267	(312,781)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	319,660	-	-	319,660
Total other financing sources and uses	-	-	-	319,660	-	-	319,660
SPECIAL ITEM							
Net change in fund balances	(54,998)	83,993	(8,498)	(12,887)	(8,998)	8,267	6,879
Fund balances - beginning	109,682	865,088	59,938	137,917	250,263	70,189	1,493,077
Fund balances - ending	$ 54,684	$ 949,081	$ 51,440	$ 125,030	$ 241,265	$ 78,456	$ 1,499,956

City of Lamar, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	$ 101,000	$ 248,750	$ 90,390
Investment earnings	1,250	1,250	931
Miscellaneous	-	-	103,810
Total revenues	102,250	250,000	195,131
EXPENDITURES			
Current:			
Culture and recreation	130,000	250,000	250,129
Total Expenditures	130,000	250,000	250,129
Excess (deficiency) of revenues over expenditures	(27,750)	-	(54,998)
Net change in fund balances	(27,750)	-	(54,998)
Fund balances - beginning	52,942	52,942	109,682
Fund balances - ending	$ 25,192	$ 52,942	$ 54,684

City of Lamar, Colorado
Budget and Actual
Lamar Redevelopment Authority
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 190,500	$ 190,500	$ 257,973
Investment earnings	16,000	16,000	6,941
Total revenues	206,500	206,500	264,914
EXPENDITURES			
Current:			
General government	626,000	626,000	180,921
Total Expenditures	626,000	626,000	180,921
Excess (deficiency) of revenues over expenditures	(419,500)	(419,500)	83,993
Net change in fund balances	(419,500)	(419,500)	83,993
Fund balances - beginning	686,350	686,350	865,088
Fund balances - ending	$ 266,850	$ 266,850	$ 949,081

City of Lamar, Colorado
Budget and Actual
Victims Assistance
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	$ 10,000	$ 10,000	$ 8,351
Investment earnings	1,000	1,000	822
Miscellaneous	-	-	262
Total revenues	11,000	11,000	9,435
EXPENDITURES			
Current:			
Public Safety	17,750	17,750	17,933
Total Expenditures	17,750	17,750	17,933
Excess (deficiency) of revenues over expenditures	(6,750)	(6,750)	(8,498)
Net change in fund balances	(6,750)	(6,750)	(8,498)
Fund balances - beginning	59,009	59,009	59,938
Fund balances - ending	$ 52,259	$ 52,259	$ 51,440

City of Lamar, Colorado
Budget and Actual
E-911
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	$ 196,421	$ 196,421	$ 196,425
Charges for services	266,200	266,200	292,126
Investment earnings	1,000	1,000	1,376
Miscellaneous	3,604	139,413	121,077
Total revenues	467,225	603,034	611,004
EXPENDITURES			
Current:			
Public Safety	795,867	931,676	899,688
Capital Outlay	41,613	41,613	43,863
Total Expenditures	837,480	973,289	943,551
Excess (deficiency) of revenues over expenditures	(370,255)	(370,255)	(332,547)
OTHER FINANCING SOURCES (USES)			
Transfers in	334,446	334,446	319,660
Total other financing sources and uses	334,446	334,446	319,660
Net change in fund balances	(35,809)	(35,809)	(12,887)
Fund balances - beginning	118,690	118,690	137,917
Fund balances - ending	$ 82,881	$ 82,881	$ 125,030

City of Lamar, Colorado
Budget and Actual
Fairmount Investment Trust
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	$ 8,000	$ 8,000	$ 15,253
Investment earnings	2,200	2,200	3,037
Total revenues	10,200	10,200	18,290
EXPENDITURES			
Current:			
Health and sanitation	500	500	-
Capital Outlay	40,000	40,000	27,288
Total Expenditures	40,500	40,500	27,288
Excess (deficiency) of revenues over expenditures	(30,300)	(30,300)	(8,998)
Net change in fund balances	(30,300)	(30,300)	(8,998)
Fund balances - beginning	237,596	237,596	250,263
Fund balances - ending	$ 207,296	$ 207,296	$ 241,265

City of Lamar, Colorado
Budget and Actual
Library
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	$ 25,000	$ 25,000	$ 12,450
Investment earnings	500	500	392
Miscellaneous	11,500	11,500	12,448
Total revenues	37,000	37,000	25,290
EXPENDITURES			
Culture and recreation	36,800	36,800	17,023
Total Expenditures	36,800	36,800	17,023
Excess (deficiency) of revenues over expenditures	200	200	8,267
Net change in fund balances	200	200	8,267
Fund balances - beginning	74,732	74,732	70,189
Fund balances - ending	$ 74,932	$ 74,932	$ 78,456

City of Lamar, Colorado
Budget and Actual
Utility Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	$ 14,945,585	$ 15,031,835	$ 15,693,713
Investment earnings	355,000	355,000	347,391
Miscellaneous	700,250	798,000	1,110,011
Total revenues	16,000,835	16,184,835	17,151,115
OPERATING EXPENSES			
Personal services	1,618,854	1,500,904	1,657,159
Purchased power	9,483,268	9,484,468	8,376,653
Repairs and maintenance	2,880,323	2,865,923	2,249,410
Other supplies and expenses	208,171	366,150	147,976
Insurance claims and expenses	437,500	437,500	369,685
Capital Outlay	1,293,000	1,293,000	389,266
Depreciation	900,000	900,000	836,516
Interest	16,000	16,000	17,734
Miscellaneous	234,000	440,796	221,959
Total Operating Expenses	17,071,116	17,304,741	14,266,358
Operating income (loss)	(1,070,281)	(1,119,906)	2,884,757
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,847,811)	(1,698,186)	(1,847,811)
Total other financing sources and (uses)	(1,847,811)	(1,698,186)	(1,847,811)
Net change in fund balances	(2,918,092)	(2,818,092)	1,036,946
Fund balances - beginning	-	-	22,034,614
ADJUSTMENTS TO GAAP:			
Capital Outlay	-	-	389,266
Fund balances - ending	$ (2,918,092)	$ (2,818,092)	$ 23,460,826

City of Lamar, Colorado
Budget and Actual
Water
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	$ 3,459,000	$ 3,459,000	$ 4,191,521
Investment earnings	65,000	65,000	46,736
Operating grants and contributions	3,588,000	3,588,000	127,844
Miscellaneous	20,500	20,500	31,353
Total revenues	7,132,500	7,132,500	4,397,454
OPERATING EXPENSES			
Personal services	1,020,366	1,020,366	910,735
Contractual services	30,000	30,000	118,790
Purchased power	370,000	370,000	437,171
Utilities	17,500	17,500	12,567
Repairs and maintenance	75,000	75,000	242,367
Other supplies and expenses	342,800	342,800	724,705
Insurance claims and expenses	95,113	95,113	122,684
Capital Outlay	3,683,000	3,683,000	970,929
Depreciation	615,000	615,000	623,227
Debt service--principal	751,452	751,452	814,936
Debt service--interest	57,242	57,242	64,646
Miscellaneous	29,000	29,000	28,968
Total Operating Expenses	7,086,473	7,086,473	5,071,725
Operating income (loss)	46,027	46,027	(674,271)
OTHER FINANCING SOURCES (USES)			
Capital grants	-	-	456,587
Transfers out	(405,000)	(405,000)	(402,951)
Total other financing sources and uses	(405,000)	(405,000)	53,636
Net change in fund balances	(358,973)	(358,973)	(620,635)
Fund balances - beginning	20,973,803	20,973,803	15,522,102
ADJUSTMENTS:			
Capital Outlay	3,683,000	3,683,000	970,929
Debt Service--principal	751,452	751,452	814,936
Fund balances - ending	$ 25,049,282	$ 25,049,282	$ 16,687,332

City of Lamar, Colorado
Budget and Actual
Sanitation
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	$ 1,686,800	$ 1,686,800	$ 1,695,476
Interest Income	25,000	25,000	11,956
Miscellaneous	9,500	9,500	31,925
Total revenues	1,721,300	1,721,300	1,739,357
OPERATING EXPENSES			
Personal services	790,497	790,497	785,265
Utilities	12,000	12,000	12,702
Repairs and maintenance	320,000	320,000	253,437
Other supplies and expenses	191,000	191,000	195,516
Insurance claims and expenses	65,193	65,193	40,355
Capital outlay	652,000	1,652,000	1,028,333
Depreciation	162,808	162,808	175,332
Miscellaneous (Income) Expense	-	-	(2,158)
Total Operating Expenses	2,193,498	3,193,498	2,488,782
Operating income (loss)	(472,198)	(1,472,198)	(749,425)
OTHER FINANCING SOURCES (USES)			
Grants	-	1,000,000	-
Transfers out	(311,500)	(311,500)	(310,646)
Total other financing sources and uses	(311,500)	688,500	(310,646)
Net change in fund balances	(783,698)	(783,698)	(1,060,071)
Fund balances - beginning	2,883,719	2,883,719	2,764,436
ADJUSTMENTS TO GAAP:			
Capital Outlay	652,000	652,000	1,028,333
Fund balances - ending	$ 2,752,021	$ 2,752,021	$ 2,732,698

City of Lamar, Colorado
Budget and Actual
Ambulance
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	$ 470,000	$ 470,000	$ 455,128
Interest earnings	2,000	2,000	1,248
Grants and contributions	427,500	427,500	151,000
Miscellaneous	-	-	42,102
Total revenues	899,500	899,500	649,478
OPERATING EXPENSES			
Personal services	527,164	527,164	520,399
Utilities	25	25	1,666
Repairs and maintenance	14,000	14,000	19,511
Other supplies and expenses	39,000	39,000	34,840
Insurance claims and expenses	32,450	32,450	28,293
Capital Outlay	275,000	275,000	11,940
Depreciation	93,000	93,000	77,454
Miscellaneous	500	500	89
Total Operating Expenses	981,139	981,139	694,192
Operating income (loss)	(81,639)	(81,639)	(44,714)
OTHER FINANCING SOURCES (USES)			
Transfers in	81,639	81,639	22,917
Total other financing sources and uses	81,639	81,639	22,917
Net change in fund balances	-	-	(21,797)
Fund balances - beginning	77,505	77,505	7,728
ADJUSTMENTS TO GAAP:			
Capital Outlay	275,000	275,000	11,940
Fund balances - ending	$ 352,505	$ 352,505	$ (2,129)

City of Lamar, Colorado
Budget and Actual
Airport
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for Services	$ 627,000	$ 627,000	$ 411,073
Grants	300,000	1,800,000	1,383,872
Miscellaneous	514,802	514,802	145,341
Total revenues	1,441,802	2,941,802	1,940,286
OPERATING EXPENSES			
Personal services	343,161	343,161	364,394
Utilities	38,000	38,000	35,611
Other supplies and expenses	459,200	459,200	356,402
Insurance claims and expenses	36,135	36,135	34,806
Capital Outlay	300,000	1,800,000	1,236,612
Depreciation	175,000	175,000	172,001
Debt service--principal	7,776	7,776	7,776
Debt service--Interest	2,530	2,530	2,506
Miscellaneous	80,000	80,000	15,531
Total Operating Expenses	1,441,802	2,941,802	2,225,639
Operating income (loss)	-	-	(285,353)
Net change in fund balances	-	-	(285,353)
Fund balances - beginning	6,080,989	6,080,989	4,495,634
ADJUSTMENTS TO GAAP:			
Capital Outlay	300,000	300,000	1,236,612
Debt Service	7,776	7,776	7,776
Fund balances - ending	$ 6,388,765	$ 6,388,765	$ 5,454,669

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
CITY OF LAMAR	Kristin Schwartz kristin.schwartz@ci.lamar.co.us	12/2025

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. Total (1 - (2 through 4))				

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 Assesments	43,322.00	a. Interest on investments	163,456.12
b. Non-property Taxes and Assessments Imposts	1,208,991.00	b. Other Misc. Local Receipts	781,566.88
c. Total (a + b)	$ 1,252,313.00	**c. Total (a + b)**	$ 945,023.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	361,392.00		
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 361,392.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	2,951.00
c. Construction Costs	126,632.00
d. Total Capital Outlay (a+ b + c)	$ 129,583.00

Form FHWA-536 (Rev. 02-2025)

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount 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.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,252,313.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 945,023.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 2,197,336.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 361,392.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 2,558,728.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 129,583.00
2. Maintenance:	
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	1,645,544.00
c. Total (a + b)	$ 1,645,544.00
4. General Administration & Miscellaneous	63,968.00
5. Highway Law Enforcement and Safety	719,633.00
6. Total (1 through 5)	$ 2,558,728.00
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 (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 2,558,728.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

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

Independent Auditor's Report

Members of City Council
City of Lamar
Lamar, CO 81052

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, each major fund, and the aggregate remaining fund information of the City of Lamar, Colorado (the "City") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 30, 2026.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

rfarmer, llc a certified public accounting and consulting firm

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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 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.

rfarmer, llc

September 30, 2026

Single Audit

City of Lamar, Colorado
Schedule of Federal Awards Expended
for the year ended December 31, 2025

GRANT TITLE	PASS-THRU AGENCY	FEDERAL ALN	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF TRANSPORTATION:				
Airport Improve Project	Federal Aviation Administration	20.106	1,180,678	1,180,678
DEPARTMENT OF TREASURY:				
ARP NEU Funding	Colo. Dept of Local Affairs	21.027	627,956	627,956
DEPARTMENT OF TRANSPOSRTATION:				
Highway Planning and Construction	Colo. Dept of Local Affairs	20.205	160,465	160,465
ENVIRONMENTAL PROTECTION AGENCY:				
CDS	US Environmental Protection Agency	66.202	456,587	
Brownfield Assessment Grant	US Environmental Protection Agency	66.818	104,471	
				561,058
FINANCIAL AWARDS				$ 2,530,157

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

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

The City does not use the minimum indirect cost rate.

The City did not have any subrecipients during 2025.

City of Lamar, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2025

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Lamar, Colorado (the "City"). The City's reporting entity is defined in Note I to the general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2025. 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 Audit Requirements for Federal Awards (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 net position or cash flows of the City. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The City received federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient, if any, is treated as an expenditure when it is paid to the sub-recipient.

The City has elected not to use the 10 percent de minim is indirect cost rate allowed under the Uniform Guidance.

Note 2 Federal Financial Assistance Listing

Federal Financial Assistance Listing (ALN) is managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

City of Lamar, Colorado
Schedule of Findings and Questioned Costs
December 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	_X_ No
• Significant deficiency(ies) identified?	____ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

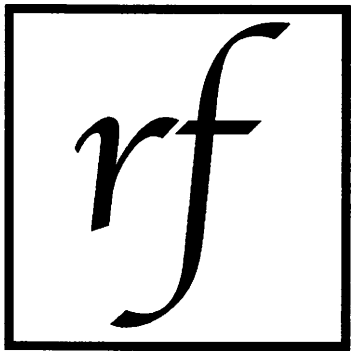
Internal control over major federal programs:			
• Material weakness(es) identified?		____ Yes	_X_ No
• Significant deficiency(ies) identified?		____ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs: **unmodified**			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		____ Yes	_X_ No
Identification of major federal programs:			
Assistance Listing Number(s)	20.106	Name of Federal Program or Cluster	Airport Improvement Project
Dollar threshold used to distinguish between type A and type B programs:		$ 1,000,000	
Auditee qualified as a low-risk auditee?		_X_ Yes	___ No

Section II: Financial Statement Findings:

No findings to report.

Section III: Federal Awards Findings:

No findings to report.



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

Independent Auditor's Report

Members of City Council
City of Lamar
Lamar, CO 81052

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lamar, Colorado's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. 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, 2025.

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

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major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

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

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

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

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

rfarmer, llc

September 30, 2026