

City of Manitou Springs, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2019



City of Manitou Springs, Colorado

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December 31, 2019

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Manitou Springs as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Manitou Springs, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Manitou Springs as of December 31, 2019, and the respective changes in financial position and the cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manitou Springs's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
October 19, 2020



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

As management of the City of Manitou Springs (the "City"), we offer readers of the City's Basic Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our basic financial statements.

Introduction

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

Financial Information

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

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$36,034,482 (net position) for the primary reporting entity. Of this amount \$4,437,659 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$961,591 during the fiscal year.
- As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$5,943,279.
- The *governmental funds* reported total unrestricted/unassigned fund balances of \$2,273,923.
- The combined governmental funds remained in a positive financial condition. Based on current year expenditures, excluding the transfers out for debt service payments and capital expenditures made by other funds, the General Fund balance would allow the City to cover its governmental operating costs for 106 days, or approximately three and a half months.
- The City's total debt, including accrued compensated absences, decreased by \$663,255 during the current fiscal year. Existing debt was reduced by principal payments (not including compensated absences) totaling \$691,745.

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

- General Fund sales/use tax revenue in 2019, \$6,456,813 increased by 4.5% or \$565,282, from 2018 sales/use tax revenue of \$5,891,531.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

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

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

Government-wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,034,482 at the close of the fiscal year.
- The City's net investment in capital assets is \$35,151,182. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The balance of *unrestricted net position* \$4,437,659 may be used to meet the governments ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF MANITOU SPRINGS NET POSITION

Governmental activities: Governmental activities increased the City's net position by \$1,041,064. In 2019, general sales tax/use revenues, \$6,572,587 comprised approximately 70.9% of all general revenues and transfers. This is a decrease in percentage of approximately six percent, 6.4%, from 2018, which was 77.3% of all general fund revenues and transfers. The decrease is statistically insignificant.

Business-Type activities: Business-type activities decreased the City's net position by \$79,473. The Storm Drainage Fund had a decrease in net position of \$344,427. This is attributed to depreciation. In the past several years, the Storm Drainage Fund had been the conduit for flood & hazard mitigation grants, from Community Development Block Grants-Disaster Recovery (CDBG-DR), Federal Emergency Management Agency (FEMA), and the Colorado Department of Local Affairs (DOLA) Energy/Mineral Impact grants. The funding from the last of these grants, a DOLA Energy/Mineral Impact Grant, was still active in 2019. The Water Fund had an increase in net position of \$193,695. The Sewer Fund reflected a gain of \$71,259.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$6,855,807	\$7,462,531	\$3,792,216	\$3,860,620	\$10,648,023	\$11,323,151
Non-current assets	16,145,563	16,481,601	19,672,703	18,662,932	35,818,266	35,144,533
Total assets	23,001,370	23,944,132	23,464,919	22,523,552	46,466,289	46,467,684
Deferred Outflows of Resources	1,012,373	1,661,172	251,730	642,993	1,260,894	2,304,165
Total current liabilities	529,817	601,539	428,310	151,572	958,127	753,111
Total non-current liabilities	6,170,467	7,171,593	3,811,465	3,599,496	9,981,932	10,771,089
Total Liabilities	6,700,285	7,773,132	4,239,773	3,751,068	10,940,058	11,524,200
Deferred Inflows of Resources	1,485,761	963,411	231,682	249,756	1,717,443	1,213,167
Net Position:						
Net Investment in Capital Assets	13,290,338	14,299,923	17,151,206	16,432,717	30,441,544	30,732,640
Restricted	1,568,034	864,183	-	-	1,568,034	864,183
Unrestricted	969,325	1,704,655	2,093,988	2,733,004	3,063,313	4,437,659
Total net position	\$15,827,697	\$16,868,761	\$19,245,194	\$19,165,721	\$35,072,891	\$36,034,482

City of Manitou Springs, Colorado
Management's Discussion and Analysis
CHANGES IN NET POSITION

Revenues:	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Program Revenues:						
Charges for Services	\$1,428,411	\$2,136,485	\$2,893,323	\$3,052,517	\$4,321,743	\$5,189,002
Operating Grants and Contributions	250,164	1,192,058	-	-	250,164	1,192,058
Capital Grants and Contributions	1,116,644		3,285,011	201,067	4,401,655	201,067
General Revenues						
Taxes	8,409,444	8,587,709	-	-	8,409,444	8,587,709
Investment Income	72,185	113,356		39,666	72,185	153,022
Other	534,537	379,871	283	8,911	534,820	388,782
Total General & Program Revenues	11,811,385	12,409,479	6,178,617	3,302,161	17,990,002	15,711,640
Transfers	(852,775)	181,430	852,775	(180,030)	-	1,400
Total Revenues	10,958,610	12,590,909	7,031,392	3,122,131	17,990,002	15,713,040
Expenses:						
General Government	3,877,138	3,169,410	-	-	3,877,138	3,169,410
Public Safety	3,366,943	3,671,702	-	-	3,366,943	3,671,702
Public Works	1,704,995	1,844,476	-	-	1,704,995	1,844,476
Culture & Recreation	848,830	1,049,609	-	-	848,830	1,049,609
Capital Outlay		1,725,810				1,725,810
Interest on Long term Debt	100,217	88,838	24,477	19,786	124,694	108,624
Business-type Activities	-	-	3,928,629	3,181,818	3,928,629	3,181,818
Total Expenses	9,898,123	11,549,845	3,953,106	3,201,604	13,851,229	14,751,449
Increase (Decrease) in Net Position	1,060,487	1,041,064	3,078,286	(79,473)	4,138,773	961,591
Beginning Net Position	14,767,210	15,827,697	16,166,908	19,245,194	30,934,118	35,072,891
Ending Net Position	\$15,827,697	\$16,868,761	\$19,245,194	\$19,165,721	\$35,072,891	\$36,034,482

The City's total net position increased by \$961,591 during the current fiscal year.

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

Financial Analysis of the City's Funds

Governmental funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,943,279. 38.3% of this total amount, \$2,273,923, constitutes *unrestricted/unassigned fund balance*. The remainder of fund balance is *restricted, committed, or assigned* to indicate that it is not available for new spending.

General Fund total revenues exceeded expenditures by \$1,452,236. Transfers out totaled \$935,829 and exceeded transfers in of \$233,150 by \$702,679. The net fund balance increased by \$807,069. The General Fund finished 2019 with an ending fund balance of \$2,812,446 this includes restricted, committed, assigned as well as unassigned fund balances. Sales tax increased by \$559,375 from 2018. This is attributed due to 2018 sales tax being impacted by a decrease in tourists from a combination of construction on the main route into Manitou Springs and the shutdown for renovation, of one of the major attractions of the City, the Pikes Peak Cog Railway. While the Pikes Peak Cog Railway was still closed in 2019, road construction was no longer occurring which helped increase tourists in the City. Plus, the category of "sales tax from outside of City" increased due to the Supreme Court case *S. Dakota v. Wayfair*. On June 21, 2018, the United States Supreme Court ruled 5-4 in *South Dakota v. Wayfair* that states can mandate that businesses without a physical presence in a state with more than 200 transactions or \$100,000 in-state sales collect and remit sales taxes on transactions in the state. This category increased by 80% due to strong internet sales to residents of Manitou Springs.

The Capital Improvements Fund did not obtain a lease purchase in 2019. A transfer from the General Fund in the amount of \$935,829 funded most of the lease purchases' principal and interest payments which totaled \$429,859. Capital & Infrastructure expenditures were funded by East End generated sales tax, which City Council normally gives to the City's URA for Tax Incremental Financing (TIF). In 2018, the URA did not take its sales tax TIF and City Council committed it to being used for Capital Improvements and Infrastructure needs. This agreement lasted through June of 2019. \$533,475 was transferred to the Capital Improvement Fund from the General Fund due to this funding source for the half year of retained URA sales tax TIF. Also, a multi-year improvement project on the West End of Manitou Ave from Park Ave to Serpentine Dr., being funded by a Pikes Peak Area Council of Governments (PPACG) grant through the Colorado Department of Transportation (CDOT), provided an inflow of cash of \$255,202 for design costs. The City's match is from the PPRTA fund.

Enterprise Funds

The Storm Drainage Fund's regular operations are funded through a \$15 fee applied to all utility bills. The fund had an overall decrease in net position of \$344,427.

The Water Fund serves approximately 2,200 users with a distribution system including a reservoir, fresh water treatment plant, and two storage tanks. The distribution system delivered an average of 457,900 gallons of fresh water per day in 2019. The Fund had an overall gain in net position of \$193,695, this is attributed to the City having implemented a multi-year rate increase to gradually bring water and sewer rates up to cover the increased costs of repairing and replacing aging infrastructure.

The Sewer Enterprise Fund serves the same approximate 2,200 utility users, as the water distribution system. The City of Manitou Springs does not have a sewage treatment capability and relies on the neighboring City of Colorado Springs for treatment at their facility. Sewer rates for residential, are determined by water usage per customer during the months of January and February of each year. For commercial users (all sewer accounts other than single family dwelling units) the rate is determined by the monthly water usage. The Sewer Fund had an overall increase of \$71,259.

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

General Fund Budgetary Highlights

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

Actual General Fund revenues were greater than the amended budget by \$59,193, this is attributed to several different revenues coming in higher than budgeted. Among the higher revenues were the following: sales tax, licenses and permits and charges for services, including fire protection services. The fire protection services revenue (compensation from the Federal government for the deployment of equipment and contract firefighters for national wildland fire fighting and national emergencies) was higher due to the active fire season in California. The other revenues were higher than budgeted due to conservative budgeting for the final amended budget for the loss of revenues from the impact on the tourist season from the Pikes Peak Cog Railway closure which was offset by very strong end of year revenues by outside of City internet sales. Actual General Fund expenditures were less than the amended budgeted amount by \$363,563, this is mainly attributed to salary savings and decreased spending in most of the departments to compensate for the anticipated reduced revenues due to the continued Cog closure.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 was \$35,151,182 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery, equipment, and vehicles. Major additions to capital assets in 2019 included the Schryver Park pedestrian bridge and parking lot, a rebuilt Spencer Avenue retaining wall, a self-contained breathing apparatus for the fire department, replacement water vaults and fire hydrants, new electronic equipment for the water treatment plant and stucco repair to the aquatics building. Computer equipment purchased ten or more years ago that has been replaced was written off in 2019.

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

CAPITAL ASSETS

	Governmental Activities	Business-type Activities	Total
Land and Land Improvements	\$ 11,086,858	\$ 156,991	\$11,243,849
Construction in Progress	1,077,207	29,300	1,106,507
Buildings	1,678,039		1,678,039
Equipment and Vehicles	4,503,094	-	4,503,094
Collection and Distribution Improvements	-	30,241,451	30,241,451
Machinery and Equipment	-	2,937,613	2,937,613
Infrastructure	12,080,465	-	12,080,465
Total	30,425,663	33,365,355	63,791,018
Accumulated Depreciation	(13,944,062)	(14,695,774)	(28,639,836)
Net Capital Assets	\$ 16,481,601	\$ 18,669,581	\$ 35,151,182

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

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

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$4,416,061 (net of compensated absences). Of this amount, \$1,629,285 is from ARRA non-interest bearing loans for water/sewer improvements. Additional information on the City's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budget

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

Taxable sales in 2019 increased in comparison to those in 2018 by 4.18%. Please note, the City's Urban Renewal Authority, on the east end of Manitou Ave, normally receives the regular sales tax over the amount collected in that area in 2006. In 2018, due to the Cog closure, the URA signed an agreement allowing the City to retain this sales tax through June 2019. For 2019, this sales tax amount was \$533,475. City Council determined that this would be spent only on capital improvements and infrastructure.

Since 2015, taxable sales have performed as follows:

FY2015	\$110,803,174
FY2016	\$148,055,471
FY2017	\$159,096,255
FY2018	\$158,323,081
FY2019	\$178,684,265

All the above facts were considered during the preparing of the City's budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

Basic Financial Statements

City of Manitou Springs, Colorado
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Manitou Springs Urban Renewal Authority
Assets				
Cash and Investments	\$ 5,019,830	\$ 2,959,861	\$ 7,979,691	\$ 3,011,126
Restricted Cash	115,554	16,822	132,376	-
Accounts Receivable	335,884	385,624	721,508	224,328
Property Taxes Receivable	917,713	-	917,713	117,710
Grants Receivable	-	498,313	498,313	-
Due from Other Governments	1,073,550	-	1,073,550	-
Capital Assets,				
Not being depreciated	8,120,038	29,300	8,149,338	-
Net of accumulated depreciation	8,361,563	18,633,632	26,995,195	-
Total Assets	23,944,132	22,523,552	46,467,684	3,353,164
Deferred Outflows of Resources				
Pension Related Outflows of Resources	1,626,874	631,559	2,258,433	-
OPEB Related Outflows of Resources	34,298	11,434	45,732	-
Total Deferred Outflows of Resources	1,661,172	642,993	2,304,165	-
Liabilities				
Accounts Payable	463,898	94,699	558,597	7,072
Accrued Liabilities	137,641	32,632	170,273	-
Accrued Salaries	-	24,241	24,241	-
Noncurrent Liabilities				
Due Within One Year	389,191	288,168	677,359	-
Due in More Than One Year	1,956,875	1,942,047	3,898,922	-
Net Pension Liability	4,511,890	1,264,735	5,776,625	-
Net OPEB Liability	313,637	104,546	418,183	-
Total Liabilities	7,773,132	3,751,068	11,524,200	7,072
Deferred Inflows of Resources				
Property Taxes	917,713	-	917,713	117,710
Pensions, Net of Accumulated Amortization	22,997	242,190	265,187	-
OPEB, Net of Accumulated Amortization	22,701	7,566	30,267	-
Total Deferred Inflows of Resources	963,411	249,756	1,213,167	117,710
Net Position				
Net Investment in Capital Assets	14,299,923	16,432,717	30,732,640	-
Restricted				
Capital Projects	115,554	-	115,554	-
Parks and Open Space	740,017	-	740,017	-
Emergencies	-	-	-	2,737
Law Enforcement	8,612	-	8,612	-
Unrestricted	1,704,655	2,733,004	4,437,659	3,225,645
Total Net Position	\$ 16,868,761	\$ 19,165,721	\$ 36,034,482	\$ 3,228,382

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Manitou Springs Urban Renewal Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General Government	\$ 3,169,410	\$ 897,724	\$ 503,472	\$ -	\$ (1,768,214)	\$ -	\$ (1,768,214)	\$ -
Public Safety	3,671,702	160,190	1,647	-	(3,509,865)	-	(3,509,865)	-
Public Works	1,844,476	567,480	125,586	-	(1,151,410)	-	(1,151,410)	-
Parks and Recreation	1,049,609	511,091	12,264	-	(526,254)	-	(526,254)	-
Capital Outlay	1,725,810	-	549,089	-	(1,176,721)	-	(1,176,721)	-
Interest on Long-Term Debt	88,838	-	-	-	(88,838)	-	(88,838)	-
Total Governmental Activities	<u>11,549,845</u>	<u>2,136,485</u>	<u>1,192,058</u>	<u>-</u>	<u>(8,221,302)</u>	<u>-</u>	<u>(8,221,302)</u>	<u>-</u>
Business-Type Activities								
Storm Drainage	850,671	385,999	-	118,897	-	(345,775)	(345,775)	-
Water	1,282,547	1,531,549	-	66,000	-	315,002	315,002	-
Sewer	1,048,600	1,134,969	-	16,170	-	102,539	102,539	-
Interest on Long-Term Debt	19,786	-	-	-	-	(19,786)	(19,786)	-
Total Business-Type Activities	<u>3,201,604</u>	<u>3,052,517</u>	<u>-</u>	<u>201,067</u>	<u>-</u>	<u>51,980</u>	<u>51,980</u>	<u>-</u>
Total Primary Government	<u>\$ 14,751,449</u>	<u>\$ 5,189,002</u>	<u>\$ 1,192,058</u>	<u>\$ 201,067</u>	<u>(8,221,302)</u>	<u>51,980</u>	<u>(8,169,322)</u>	<u>-</u>
Component Unit								
Manitou Urban Renewal Authority	<u>596,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,823)</u>
General Revenues								
Property Taxes					918,990	-	918,990	85,488
Sales and Use Taxes					6,572,587	-	6,572,587	653,042
Amusement and Lodging					393,207	-	393,207	-
Franchise Fees					370,564	-	370,564	-
Auto Taxes					332,361	-	332,361	-
Fines and Forfeitures					316,158	-	316,158	-
Miscellaneous					6,201	8,911	15,112	-
Investment Income					113,356	39,666	153,022	39,381
Gain on Sale of Assets					57,512	-	57,512	-
Transfers					181,430	(180,030)	1,400	-
Total General Revenues and Transfers					<u>9,262,366</u>	<u>(131,453)</u>	<u>9,130,913</u>	<u>777,911</u>
Change in Net Position					1,041,064	(79,473)	961,591	181,088
NET POSITION, Beginning of year					<u>15,827,697</u>	<u>19,245,194</u>	<u>35,072,891</u>	<u>3,047,294</u>
NET POSITION, End of year					<u>\$ 16,868,761</u>	<u>\$ 19,165,721</u>	<u>\$ 36,034,482</u>	<u>\$ 3,228,382</u>

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2019

	General	Capital Improvements Fund	Other Governmental Funds	Total
Assets				
Cash and Investments	\$ 2,102,975	\$ 2,092,365	\$ 824,490	\$ 5,019,830
Restricted Cash and Investments	-	115,554	-	115,554
Property Taxes Receivable	751,638	39,190	126,885	917,713
Accounts Receivable	282,700	53,182	2	335,884
Due From Other Governments	935,098	-	138,452	1,073,550
	<u>4,072,411</u>	<u>2,300,291</u>	<u>1,089,829</u>	<u>7,462,531</u>
Total Assets	<u>\$ 4,072,411</u>	<u>\$ 2,300,291</u>	<u>\$ 1,089,829</u>	<u>\$ 7,462,531</u>
Liabilities				
Accounts Payable	\$ 370,686	\$ 65,123	\$ 28,089	\$ 463,898
Accrued Liabilities	137,641	-	-	137,641
	<u>508,327</u>	<u>65,123</u>	<u>28,089</u>	<u>601,539</u>
Total Liabilities	<u>508,327</u>	<u>65,123</u>	<u>28,089</u>	<u>601,539</u>
Deferred Inflows of Resources				
Property Taxes	751,638	39,190	126,885	917,713
	<u>751,638</u>	<u>39,190</u>	<u>126,885</u>	<u>917,713</u>
Fund Balance				
Restricted				
Capital Projects	-	115,554	-	115,554
Parks and Open Space	-	-	740,017	740,017
Law Enforcement	-	-	8,612	8,612
Committed				
Imaging Technology	5,802	-	-	5,802
Capital Projects	-	50,000	-	50,000
Assigned				
Barr Trail Maintenance	219,253	-	-	219,253
Capital Projects	273,658	2,030,424	186,226	2,490,308
Parks and Trails	31,335	-	-	31,335
Police and Fire	8,475	-	-	8,475
Unrestricted, Unassigned	2,273,923	-	-	2,273,923
	<u>2,812,446</u>	<u>2,195,978</u>	<u>934,855</u>	<u>5,943,279</u>
Total Fund Balance	<u>2,812,446</u>	<u>2,195,978</u>	<u>934,855</u>	<u>5,943,279</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,072,411</u>	<u>\$ 2,300,291</u>	<u>\$ 1,089,829</u>	<u>\$ 7,462,531</u>

City of Manitou Springs, Colorado
 Reconciliation of Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 For the Year Ended December 31, 2019

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

Total Fund Balance of Governmental Funds	\$ 5,943,279
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	8,120,038
Capital assets, being depreciated	22,305,624
Accumulated depreciation	(13,944,061)
	16,481,601
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
Net Pension Liability	(4,511,890)
Pension related deferred outflows of resources	1,626,874
Pension related deferred inflows of resources	(22,997)
Net OPEB liability	(313,637)
OPEB related deferred outflows of resources	34,298
OPEB related deferred inflows of resources	(22,701)
	(3,210,053)
Long-term liabilities and related items, including the loss on debt refunding \$7,101, are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Capital leases payable	(2,181,678)
Accrued compensated absences	(164,388)
	(2,346,066)
Total Net Position of Governmental Activities	\$ 16,868,761

City of Manitou Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Improvements Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 8,324,659	\$ 34,756	\$ 228,294	\$ 8,587,709
Licenses and Permits	152,126	-	-	152,126
Charges for Services	1,282,448	-	-	1,282,448
Intergovernmental	383,412	255,203	612,385	1,251,000
Fines and Forfeitures	302,298	-	13,860	316,158
Contributions and Donations	627,883	15,086	-	642,969
Investment Income	56,153	46,570	10,633	113,356
Miscellaneous	4,698	-	1,503	6,201
Total Revenues	<u>11,133,677</u>	<u>351,615</u>	<u>866,675</u>	<u>12,351,967</u>
Expenditures				
Current				
General Government	3,709,555	-	-	3,709,555
Public Safety	3,549,956	9,993	-	3,559,949
Public Works	1,772,758	-	11,929	1,784,687
Parks and Recreation	649,172	11,100	224,090	884,362
Capital Outlay	-	1,171,833	553,977	1,725,810
Debt Service				
Principal	-	353,709	46,821	400,530
Interest and Fiscal Charges	-	76,150	12,622	88,772
Total Expenditures	<u>9,681,441</u>	<u>1,622,785</u>	<u>849,439</u>	<u>12,153,665</u>
Excess Revenues Over (Under) Expenditures	<u>1,452,236</u>	<u>(1,271,170)</u>	<u>17,236</u>	<u>198,302</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	57,512	-	-	57,512
Transfers In	233,150	935,829	-	1,168,979
Transfers Out	(935,829)	-	(51,720)	(987,549)
Other Financing Sources (Uses)	<u>(645,167)</u>	<u>935,829</u>	<u>(51,720)</u>	<u>238,942</u>
Net Change in Fund Balance	807,069	(335,341)	(34,484)	437,244
Fund Balance, Beginning of year	<u>2,005,377</u>	<u>2,531,319</u>	<u>969,339</u>	<u>5,506,035</u>
Fund Balance, End of year	<u>\$ 2,812,446</u>	<u>\$ 2,195,978</u>	<u>\$ 934,855</u>	<u>\$ 5,943,279</u>

City of Manitou Springs, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2019

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

Net Change in Fund Balance of Governmental Funds	\$	437,244
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlays		1,331,579
Depreciation Expense		(722,458)
		609,121
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in Net Pension Liability		(1,573,364)
Change in Deferred Outflows Related to Pensions		653,347
Change in Deferred Inflows Related to Pensions		638,583
Change in Net OPEB Liability		(60,946)
Change in Deferred Outflows Related to OPEB		(4,548)
Change in Deferred Inflows Related to OPEB		(18,474)
		(365,402)
<p>Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>		
Principal payments on capital leases		400,464
Change in accrued compensated absences		(40,363)
		1,041,064
Change in Net Position of Governmental Activities	\$	1,041,064

City of Manitou Springs, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2019

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Assets				
<i>Current Assets</i>				
Cash and Investments	\$ 431,968	\$ 934,090	\$ 1,593,803	\$ 2,959,861
Restricted Cash and investments	-	10,093	6,729	16,822
Accounts Receivable	32,676	239,217	113,731	385,624
Grants Receivable	498,313	-	-	498,313
Total Current Assets	<u>962,957</u>	<u>1,183,400</u>	<u>1,714,263</u>	<u>3,860,620</u>
<i>Noncurrent Assets</i>				
Capital Assets, Not being depreciated	-	29,300	-	29,300
Net of accumulated depreciation	8,770,181	7,900,864	1,962,587	18,633,632
Total Noncurrent Assets	<u>8,770,181</u>	<u>7,930,164</u>	<u>1,962,587</u>	<u>18,662,932</u>
Total Assets	<u>9,733,138</u>	<u>9,113,564</u>	<u>3,676,850</u>	<u>22,523,552</u>
Deferred Outflows of Resources				
Pension Related Outflows of Resources	202,099	303,148	126,312	631,559
OPEB Related Outflows of Resources	3,659	5,488	2,287	11,434
Total Deferred Outflows of Resources	<u>205,758</u>	<u>308,636</u>	<u>128,599</u>	<u>642,993</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	3,584	11,734	79,381	94,699
Accrued Liabilities	5,503	11,312	3,325	20,140
Accrued Compensated Absences	3,932	16,960	3,349	24,241
Accrued Interest Payable	1,499	8,719	2,274	12,492
Leases Payable, Current Portion	38,549	15,382	33,657	87,588
Loans Payable, Current Portion	-	200,580	-	200,580
Total Current Liabilities	<u>53,067</u>	<u>264,687</u>	<u>121,986</u>	<u>439,740</u>
<i>Noncurrent Liabilities</i>				
Leases Payable	85,075	61,929	96,276	243,280
Loans Payable	-	1,659,151	39,616	1,698,767
Net Pension Liability	404,715	607,073	252,947	1,264,735
Net OPEB Liability	33,455	50,182	20,909	104,546
Total Noncurrent Liabilities	<u>523,245</u>	<u>2,378,335</u>	<u>409,748</u>	<u>3,311,328</u>
Total Liabilities	<u>576,312</u>	<u>2,643,022</u>	<u>531,734</u>	<u>3,751,068</u>
Deferred Inflows of Financial Resources				
Pensions, Net of Accumulated Amortization	77,501	116,251	48,438	242,190
OPEB, Net of Accumulated Amortization	2,421	3,632	1,513	7,566
Total Deferred Inflows of Resources	<u>79,922</u>	<u>119,883</u>	<u>49,951</u>	<u>249,756</u>
Net Position				
Net Investment in Capital Assets	8,646,557	5,993,122	1,793,038	16,432,717
Unrestricted	636,105	666,173	1,430,726	2,733,004
Total Net Position	<u>\$ 9,282,662</u>	<u>\$ 6,659,295</u>	<u>\$ 3,223,764</u>	<u>\$ 19,165,721</u>

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2019

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Operating Revenues				
Charges for Services	\$ 385,999	\$ 1,531,549	\$ 1,134,969	\$ 3,052,517
Miscellaneous	-	1,114	7,797	8,911
Total Operating Revenues	<u>385,999</u>	<u>1,532,663</u>	<u>1,142,766</u>	<u>3,061,428</u>
Operating Expenses				
Operations	424,461	796,700	841,164	2,062,325
Depreciation	426,210	485,847	207,436	1,119,493
Total Operating Expenses	<u>850,671</u>	<u>1,282,547</u>	<u>1,048,600</u>	<u>3,181,818</u>
Net Operating Income	<u>(464,672)</u>	<u>250,116</u>	<u>94,166</u>	<u>(120,390)</u>
Nonoperating Revenues				
Investment Income	4,290	15,113	20,263	39,666
Interest (Expense)	(2,942)	(13,379)	(3,465)	(19,786)
Net Income (Loss) Before Contributed Capital	<u>(463,324)</u>	<u>251,850</u>	<u>110,964</u>	<u>(100,510)</u>
Contributed Capital				
Tap Fees	-	66,000	16,170	82,170
Capital Grants	118,897	-	-	118,897
Transfers Out	-	(124,155)	(55,875)	(180,030)
Total Capital Contributions and Transfers	<u>118,897</u>	<u>(58,155)</u>	<u>(39,705)</u>	<u>21,037</u>
Change in Net Position	<u>(344,427)</u>	<u>193,695</u>	<u>71,259</u>	<u>(79,473)</u>
Net Position, Beginning of year	<u>9,627,089</u>	<u>6,465,600</u>	<u>3,152,505</u>	<u>19,245,194</u>
Net Position, End of year	<u>\$ 9,282,662</u>	<u>\$ 6,659,295</u>	<u>\$ 3,223,764</u>	<u>\$ 19,165,721</u>

City of Manitou Springs, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2019

	Storm Drainage	Water	Sewer	Total
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 380,289	\$ 1,421,436	\$ 1,132,097	\$ 2,933,822
Cash Received from Others	-	1,114	7,797	8,911
Cash Paid to Suppliers	(386,589)	(835,777)	(655,622)	(1,877,988)
Cash Paid to Employees	(267,585)	(306,367)	(178,427)	(752,379)
Net Cash Provided by Operating Activities	<u>(273,885)</u>	<u>280,406</u>	<u>305,845</u>	<u>312,366</u>
Cash Flows From Capital and Related Financing Activities				
Tap fees received	-	66,000	16,170	82,170
Acquisition and Construction of Capital Assets	(160)	(115,442)	5,882	(109,720)
Debt Principal Payments	(40,131)	(216,691)	(34,459)	(291,281)
Debt Interest Payments	(3,400)	(14,968)	(3,989)	(22,357)
Capital contributions - grants	228,762	-	-	228,762
Transfers to other funds	-	(124,155)	(55,875)	(180,030)
Net Cash Used by Capital and Related Financing Activities	<u>185,071</u>	<u>(405,256)</u>	<u>(72,271)</u>	<u>(292,456)</u>
Cash Flows From Investing Activities				
Interest received	<u>4,290</u>	<u>15,113</u>	<u>20,263</u>	<u>39,666</u>
Net Cash Used by Capital and Related Financing Activities	<u>4,290</u>	<u>15,113</u>	<u>20,263</u>	<u>39,666</u>
Net Change in Cash and Cash Equivalents	(84,524)	(109,737)	253,837	59,576
Cash and Cash Equivalents, Beginning of year	<u>516,492</u>	<u>1,053,920</u>	<u>1,346,695</u>	<u>2,917,107</u>
Cash and Cash Equivalents, End of year	<u>\$ 431,968</u>	<u>\$ 944,183</u>	<u>\$ 1,600,532</u>	<u>\$ 2,976,683</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ (464,672)	\$ 250,116	\$ 94,166	\$ (120,390)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	426,210	485,847	207,436	1,119,493
Changes in Assets and Liabilities Related to Operations				
Utility Receivable	(5,710)	(110,113)	(2,872)	(118,695)
Accounts Payable	(224,990)	(345,049)	12,468	(557,571)
Accrued Salaries and Benefits	(3,132)	2,583	(4,318)	(4,867)
Accrued Paid Time Off	(1,591)	(2,978)	(1,035)	(5,604)
Net Cash Provided by Operating Activities	<u>\$ (273,885)</u>	<u>\$ 280,406</u>	<u>\$ 305,845</u>	<u>\$ 312,366</u>

City of Manitou Springs, Colorado
Statement of Fiduciary Net Position
Agency Fund
For the Year Ended December 31, 2019

	Agency
Assets	
Cash and Investments	\$ 68,712
Property Taxes Receivable	4,252
Accounts Receivable	10,245
Total Assets	\$ 83,209
Liabilities	
Accounts Payable	\$ 5,471
Due to Metropolitan District	73,486
Total Liabilities	78,957
Deferred Inflows of Resources	
Deferred Property Tax Revenues	4,252
Total Liabilities and Deferred Inflows	\$ 83,209

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

Manitou Springs Park Authority

The Manitou Springs Park Authority (the Authority) was formed to provide financing for the redevelopment of parklands and mineral springs exclusively for the City. The City Council, City Clerk and City Treasurer serve as the governing board of the Authority. The Authority is blended into the financial statements as a proprietary fund. Separate financial statements are not issued by the Authority.

Manitou Springs Urban Renewal Authority

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Property Taxes

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

Subsequent Events

The City has evaluated subsequent events through October 19, 2020, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At December 31, 2019, cash and investments consisted of the following:

Petty Cash	\$	650
Cash Deposits		4,348,256
Investments		6,710,623
Escrow Cash		<u>132,376</u>
Total	\$	<u>11,191,905</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments (Continued)

Cash is reported in the financial statements as follows:

Primary Government Cash and Investments	\$ 7,979,691
Primary Government Restricted Cash and Investments	132,376
Urban Renewal Authority	3,011,126
Agency Fund	<u>68,712</u>
Total	<u>\$ 11,191,905</u>

Deposits

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

Investments

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2019, the City had \$6,710,623 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2019, the City's investment in ColoTrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Note 3: Capital Assets

Capital asset governmental activity for the year ended December 31, 2019, is summarized below.

Governmental Activities	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 7,042,831	\$ -	\$ -	\$ 7,042,831
Construction in Progress	460,830	965,555	(349,178)	1,077,207
Total Capital Assets, Not Being Depreciated	7,503,661	965,555	(349,178)	8,120,038
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	4,034,227	9,800	-	4,044,027
Buildings	1,668,046	9,993	-	1,678,039
Infrastructure	11,454,285	626,180	-	12,080,465
Equipment and Vehicles	5,056,529	69,229	(622,664)	4,503,094
Total Capital Assets, Being Depreciated	22,213,087	715,202	(622,664)	22,305,625

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 3: Capital Assets (Continued)

Governmental Activities (Continued)	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Capital Assets, <i>Not Being Depreciated</i> (Continued)				
Less Accumulated Depreciation				
Land Improvements	(1,734,198)	(154,205)	-	(1,888,403)
Buildings	(1,247,677)	(28,494)	-	(1,276,171)
Infrastructure	(7,276,749)	(325,881)	-	(7,602,630)
Equipment and Vehicles	<u>(3,585,644)</u>	<u>(213,878)</u>	622,664	<u>(3,176,858)</u>
Total Accumulated Depreciation	<u>(13,844,268)</u>	<u>(722,458)</u>	622,664	<u>(13,944,062)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>8,368,819</u>	<u>(7,256)</u>	-	<u>8,361,563</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 15,872,480</u>	<u>\$ 958,299</u>	<u>\$ (349,178)</u>	<u>\$ 16,481,601</u>

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

Governmental Activities	
General Government	\$ 385,669
Public Safety	111,753
Public Works	59,789
Parks and Recreation	<u>165,247</u>
Total	<u>\$ 722,458</u>

Capital asset business-type activity for the year ended December 31, 2019, is summarized below.

Business-Type Activities	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Capital Assets, <i>Not Being Depreciated</i>				
Construction in Progress	35,182	-	(5,882)	29,300
Total Capital Assets, <i>Not Being Depreciated</i>	<u>35,182</u>	-	(5,882)	<u>29,300</u>
Capital Assets, <i>Being Depreciated</i>				
Land Improvements	150,738	6,253	-	156,991
Collection and Distribution System	30,139,406	102,045	-	30,241,451
Machinery and Equipment	<u>3,059,944</u>	<u>7,144</u>	<u>(129,475)</u>	<u>2,937,613</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>33,350,088</u>	<u>115,442</u>	<u>(129,475)</u>	<u>33,336,055</u>
Total capital assets	33,385,270	115,442	(135,357)	33,365,355
Less: Accumulated depreciation	<u>(13,712,567)</u>	<u>(1,105,862)</u>	<u>122,655</u>	<u>(14,695,774)</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 19,672,703</u>	<u>\$ (990,420)</u>	<u>\$ (12,702)</u>	<u>\$ 18,669,581</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2019:

Governmental Activities	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Due Within One Year
Capital Leases	\$ 2,582,142	\$ -	\$ 400,464	\$ 2,181,678	\$ 389,191
Compensated Absences	124,025	252,445	212,082	164,388	164,388
Total	<u>\$ 2,706,167</u>	<u>\$ 252,445</u>	<u>\$ 612,546</u>	<u>\$ 2,346,066</u>	<u>\$ 553,579</u>

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

The City has entered into several capital lease agreements to purchase land, equipment, and vehicles. These leases bear interest at rates ranging from 1.725% to 3.404% per annum and mature between June 2022 and June 2026.

The future minimum lease payments of principal and interest as of December 31, 2019, were as follows:

<u>Year Ended December 31,</u>	
2020	\$ 456,159
2021	425,696
2022	393,443
2023	285,895
2024	247,073
2025-2029	585,496
2030-2034	52,736
Total Future Minimum Lease Payments	<u>2,446,498</u>
Less: Interest	<u>(264,820)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 2,181,678</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Long-Term Debt (Continued)

Business-Type Activities

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2019:

Business-Type Activities	Balance 12/31/18	Additions	Payments	Balance 12/31/19	Due Within One Year
1985 Water Loan	\$ 321,897	\$ -	\$ 47,667	\$ 274,230	\$ 47,667
2009 Water Loan	713,782	-	62,068	651,714	62,068
2009 Water Loan	713,782	-	62,068	651,714	62,068
2009 Water Loan	308,934	-	26,863	282,071	26,863
2009 Sewer Loan	47,956	-	4,170	43,786	4,170
Capital Leases	419,313	-	88,445	330,868	83,419
Compensated Absences	34,244	24,813	36,686	22,371	22,371
Total	\$ 2,559,908	\$ 24,813	\$ 327,967	\$ 2,256,754	\$ 308,626

Water Loans

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

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

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

The three CWRDPA water loans are payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2019, net revenues of \$677,808 were available to pay annual debt service of \$151,000. Remaining debt service at December 31, 2019 was \$1,585,500.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Sewer Loans

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

This loan is payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2019, net revenues of \$261,897 were available to pay annual debt service of \$4,170. Remaining debt service at December 31, 2019 was \$43,786.

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 204,750	\$ 11,011	\$ 215,761
2021	206,741	9,020	215,761
2022	208,812	6,950	215,762
2023	210,966	4,796	215,762
2024	213,206	2,555	215,761
2025-2029	781,454	224	781,678
2030-2034	<u>77,586</u>	<u>-</u>	<u>77,586</u>
Total	<u>\$ 1,903,515</u>	<u>\$ 34,556</u>	<u>\$ 1,938,071</u>

Capital Leases

The City has entered into several capital lease agreements to purchase equipment and vehicles. These leases bear interest at rates ranging from 1.725% to 3.404% per annum and mature between June 2022 and June 2025. Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2019.

<u>Year Ended December 31,</u>	
2020	\$ 91,141
2021	73,272
2022	73,272
2023	58,419
2024	35,559
2025-2029	<u>13,215</u>
Total Future Minimum Lease Payments	344,878
Less: Interest	<u>(14,010)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 330,868</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2019, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Improvement Fund	General Fund	\$ 935,829
General Fund	Water Enterprise	124,155
General Fund	Storm Drainage Fund	55,875
General Fund	Law Enforcement Fund	1,400
General Fund	Open Space Fund	7,000
General Fund	El Paso/Becker Park Fund	43,320
		<hr/>
Total		\$ <u>1,167,579</u>

Note 6: Pension Plans

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

Nonemergency Employees

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

Police Officers

- Police Officers Statewide Defined Benefit Plan (FPPA)

Firefighters

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

Local Government Division Trust Fund Defined Benefit Plan (PERA)

General Information - PERA

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200 - Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2018. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled Changes between the measurement date of the net pension liability and December 31, 2019.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

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

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

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

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

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

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

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

Contributions - The City and eligible employees 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. The contribution rate for eligible employees is 8% of covered salaries during the period of January 1, 2018 through December 31, 2019. The City's contribution rate for calendar year 2019 was 13.70% of covered salaries, respectively. However, a portion of the City's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 7). 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 City is statutorily committed to pay the contributions to the LGDTF. The City's contributions to the LGDTF for the year ended December 31, 2019, were \$369,595, equal to the required contributions.

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

The net pension liability for the LGDTF was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018.

At December 31, 2019, the City reported a net pension liability of \$5,058,938, representing its proportionate share of the net pension liability of the LGDTF.

The City's proportion of the net pension liability was based on City's contributions to the LGDTF for the calendar year ended December 31, 2018, relative to the total contributions of participating employers to the LGDTF. At December 31, 2018, the Authority's proportion was 0.4023930474%, which was an increase of 0.0459454219% from its proportion measured at December 31, 2017.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

For the year ended December 31, 2019, the City recognized pension benefit of \$251,584. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,270	\$ -
Net difference between projected and actual		
Earnings on plan investments	439,250	-
Changes in proportion	61,458	-
Contributions subsequent to the measurement date	369,595	-
Total	\$ 916,573	\$ -

City contributions subsequent to the measurement date of \$369,595 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>			
2020		\$	150,637
2021			36,713
2022			359,628
Total		\$	546,978

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total pension liability using the following actuarial assumptions and other inputs.

	<u>Assumptions</u>
Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	0% through 2019 and 1.5% compounded annually thereafter
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

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

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

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

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

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

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

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class, as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	<u>100.00%</u>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, 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 fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 7,739,129	\$ 5,058,938	\$ 2,816,687

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

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

Changes between the measurement date of the net pension liability and December 31, 2019 - During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The Bill was signed into law by Governor Polis on May 20, 2019 and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

Police Officers Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

General Information - FPPA (Continued)

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

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

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

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

Police Officers

The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2019. Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The City's contributions to the plan for the year ended December 31, 2019, were \$161,834, equal to the required contributions.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

For the year ended December 31, 2019, the City recognized pension expense of \$22,351. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171,027	\$ 1,337
Changes in assumptions and other inputs	129,652	-
Net difference between projected and actual		
Earnings on plan investments	75,336	-
Changes in proportion	25,123	-
Contributions subsequent to the measurement date	161,834	-
Total	\$ 562,972	\$ 1,337

City contributions subsequent to the measurement date of \$161,834 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2020	\$ 66,118
2021	56,824
2022	91,741
2023	46,449
2024	46,582
Thereafter	92,087
Total	\$ 399,801

Actuarial Assumptions – The actuarial valuations as of January 1, 2019, determined the total pension liability using the following actuarial assumptions and other inputs:

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

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

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.50%.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ <u>591,908</u>	\$ <u>152,637</u>	\$ <u>(211,730)</u>

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

Firefighters Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

General Information - FPPA (Continued)

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

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

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

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

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

State Fire

The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2019.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The City's contributions to the plan for the year ended December 31, 2019, were \$83,855, equal to the required contributions.

The City's proportion of the net pension liability was based on the City's contributions to the plan for the calendar year ended December 31, 2018, relative to the projected contributions of all participating employers. At December 31, 2018, the City's proportion was 0.0640696184% which was an increase of 0.0044727184% from its proportion measured at December 31, 2017.

At December 31, 2019, the City reported a net pension liability of \$81,002, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$8,148. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,760	\$ 710
Changes in assumptions and other inputs	68,802	-
Net difference between projected and actual		
Earnings on plan investments	39,981	-
Changes in proportion	8,675	7,752
Contributions subsequent to the measurement date	83,855	-
Total	\$ 292,073	\$ 8,462

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

City contributions after the measurement date of \$83,855 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>		
2020	\$	33,541
2021		28,607
2022		47,139
2023		23,102
2024		23,172
Thereafter		<u>44,195</u>
 Total	 \$	 <u><u>199,756</u></u>

Actuarial Assumptions – The actuarial valuations as of January 1, 2019, determined the total pension liability using the following actuarial assumptions and other inputs:

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.50%.

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's Proportionate share of the Net pension asset (Liability)	\$ <u>314,114</u>	\$ <u>81,002</u>	\$ <u>(112,361)</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

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

Old Hire Firefighters Pension Plan (FPPA)

General Information – Old Hire Fire

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

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

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

Contributions - The plan receives contributions from the City based on an actuarially determined amount, as required by State statute. The actuarial study as of January 1, 2019, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, of the present plan. The City contribution amount for the Plan has been historically determined by biennial actuarial studies.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

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

For the year ended December 31, 2019, the City reported a net pension liability of \$203,569. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$21,924. At December 31, 2019, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual		
Earnings on plan investments	\$ 12,583	\$ -
Contributions subsequent to the measurement date	16,956	-
Total	\$ 29,539	\$ -

\$16,956 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2020	\$ 5,523
2021	1,741
2022	421
2023	4,898
Total	\$ 12,583

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

Actuarial Assumptions – The January 1, 2019 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2019. The valuation used the following actuarial assumptions and other inputs:

	Assumptions
Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	30 Years
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

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

The long-term expected rate of return on pension plan investments was determine 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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	100.00%	

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

Single Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net pension was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 252,566	\$ 203,569	\$ 161,331

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

Volunteer Firefighters Pension Plan (FPPA)

General Information – Volunteer Firefighters

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

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 6: Pension Plans (Continued)

General Information – Volunteer Firefighters (Continued)

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

Volunteers Covered by Benefit Terms – At December 31, 2019, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	21
Active Employees	30
Total	51

Contributions – Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2018. Contributions into the pension fund are derived from two sources: contributions directly from the City and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2019, the City’s contributions were \$16,000.

Net Pension Asset

The total pension liability is based on an actuarial valuation performed as of January 1, 2019, and a measurement date of December 31, 2018. This measurement date is within two years of the plan sponsor’s fiscal year-end of December 31, 2019, and may be used for December 31, 2019, reporting purposes.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

Actuarial Assumptions – The total pension liability was rolled forward from the actuarial valuation as of January 1, 2019 to the measurement date of December 31, 2018, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Assumptions</u>
Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 Years
Inflation	3.00%
Projected Salary Increases	N/A
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.00%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

Mortality rates were based on the following:

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

All tables are projected with Scale BB.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the state & local bonds rate from Federal Reserve statistical release (H.15); and the resulting Single Discount Rate is 7.00%.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2019

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances, December 31, 2018	\$ 580,626	\$ 335,184	\$ 245,442
Service Cost	5,655	-	5,655
Interest	41,581	-	41,581
Differences Between Expected and Actual Experience	1,311	-	1,311
Changes in Assumptions	19,985	-	19,985
Contributions	-	16,000	(16,000)
State of Colorado supplemental discretionary payment	-	28,800	(28,800)
Net Investment Income	-	312	(312)
Benefit Payments	(59,054)	(59,054)	-
Administrative Expenses	-	(11,616)	11,616
Total	\$ 590,104	\$ 309,626	\$ 280,478

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 338,103	\$ 280,478	\$ 232,005

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 6: Pension Plans (Continued)

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

For the year ended December 31, 2019, the City recognized pension expense of \$23,517 for the Volunteer Pension Plan. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,044	\$ 614
Changes in assumptions and other inputs	25,211	-
Net difference between projected and actual		
Earnings on plan investments	12,605	-
Contributions subsequent to the measurement date	16,000	-
Total	\$ 54,860	\$ 614

\$16,000 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>			
2020		\$	14,023
2021			9,967
2022			5,554
2023			8,702
Total		\$	38,246

Note 7: Other Postemployment Benefits

General Information

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

PERA issues a publicly available financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

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 - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the City's contributions to the LGDTF (see Note 6 is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City for the year ended December 31, 2019, was \$29,731, equal to the required amount.

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

At December 31, 2019, the City reported a net OPEB liability of \$418,182 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2019.

The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year ended December 31, 2019, relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.0307363937%, which was an increase of 0.0030387675% from its proportion measured at December 31, 2018.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$30,031. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,147	\$ 511
Changes of assumptions and other inputs	2,352	-
Net difference between projected and actual earnings on plan investments	2,222	-
Changes in proportion	6,939	26,416
Contributions subsequent to the measurement date	29,731	-
Total	\$ 42,391	\$ 26,927

District contributions subsequent to the measurement date of \$29,731 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,

2020	\$ (3,282)
2021	(3,281)
2022	(1,611)
2023	(5,846)
2024	(247)
	\$ (14,267)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2018, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. The mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

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

- *Males*: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- *Females*: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

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

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

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed and reviewed by PERA's actuary as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016, and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously (see Note 6).

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2019, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 467,909	\$ 418,182	\$ 375,669

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Other Postemployment Benefits (Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the City's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$ 388,460	\$ 418,182	\$ 412,687

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

Note 8: Risk Management

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

Public Entity Risk Pool

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2019

Note 9: Commitments and Contingencies

Claims and Judgments

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

TABOR Amendment

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

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

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

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

The URA is not subject to the Amendment. See: Marian L. Olson v. City of Golden, et. al. 53 P.3d 747 (Co. App.), certiorari denied. However, the URA reported an emergency reserve of \$2,737 for the year ended December 31, 2019.

Note 10: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The City has been economically impacted by the event, however the full economic effect has yet to be determined.

Required Supplementary Information

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and Use Taxes	\$ 5,867,800	\$ 6,046,900	\$ 6,456,813	\$ 409,913
Property	782,520	769,520	771,714	2,194
Amusement and Lodging	403,000	401,000	393,207	(7,793)
Franchise	371,800	385,400	370,564	(14,836)
Auto Use	315,000	380,000	332,361	(47,639)
Licenses and Permits	70,640	80,700	152,126	71,426
Charges for Services	1,080,415	1,031,028	1,282,448	251,420
Intergovernmental	354,528	377,316	383,412	6,096
Fines and Forfeitures	231,090	337,625	302,298	(35,327)
Contributions/Donations	509,664	512,536	627,883	115,347
Interest	53,000	75,000	56,153	(18,847)
Miscellaneous	268,150	298,782	4,698	(294,084)
Committed Revenues	167,631	378,677	-	(378,677)
Total Revenues	<u>10,475,238</u>	<u>11,074,484</u>	<u>11,133,677</u>	<u>59,193</u>
Expenditures				
General Government				
Legislative	269,390	275,610	262,371	13,239
Judicial	115,820	100,598	64,852	35,746
Executive	559,503	736,808	784,742	(47,934)
City Clerk	378,914	242,901	201,927	40,974
Finance	764,650	615,201	608,287	6,914
Planning	635,002	713,854	605,424	108,430
Economic Development	1,195,706	1,175,293	1,099,387	75,906
Intergovernment	107,237	122,011	81,975	40,036
Miscellaneous	101,900	201,900	111,648	90,252
Total General Governments	<u>4,128,122</u>	<u>4,184,176</u>	<u>3,820,613</u>	<u>363,563</u>
Public Safety				
Police	1,665,367	1,723,415	1,734,241	(10,826)
Fire	985,710	1,008,691	1,008,708	(17)
Total Public Safety	<u>2,651,077</u>	<u>2,732,106</u>	<u>2,742,949</u>	<u>10,843</u>
Public Works				
Parking Department	834,200	864,200	753,420	110,780
Total Public Works	<u>834,200</u>	<u>864,200</u>	<u>753,420</u>	<u>110,780</u>

(Continued)

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Culture and Recreation				
Public Services	\$ 1,608,790	\$ 1,696,653	\$ 1,772,758	\$ (76,105)
Swimming Pool and Fitness	543,493	548,541	534,189	14,352
Total Culture and Recreation	<u>2,152,283</u>	<u>2,245,194</u>	<u>2,306,947</u>	<u>(61,753)</u>
 Total Expenditures	 <u>9,765,682</u>	 <u>10,025,676</u>	 <u>9,623,929</u>	 <u>(401,747)</u>
 Excess Revenues Over (Under) Expenditures	 709,556	 1,048,808	 1,509,748	 460,940
 Other Financing Sources (Uses)				
Transfers in	-	-	233,150	233,150
Transfers Out	<u>(980,354)</u>	<u>(931,338)</u>	<u>(935,829)</u>	<u>(4,491)</u>
 Net Change in Fund Balance	 (270,798)	 117,470	 807,069	 689,599
 Fund Balance, Beginning of year	 <u>2,005,377</u>	 <u>2,005,377</u>	 <u>2,005,377</u>	 <u>-</u>
 Fund Balance, End of year	 <u>\$ 1,734,579</u>	 <u>\$ 2,122,847</u>	 <u>\$ 2,812,446</u>	 <u>\$ 689,599</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Capital Improvements Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 34,712	\$ 34,712	\$ 34,756	\$ 44
Intergovernmental	1,056,234	434,600	255,203	(179,397)
Contributions and Donations	-	-	15,086	15,086
Interest	-	2,500	46,570	44,070
Total Revenues	<u>1,090,946</u>	<u>471,812</u>	<u>351,615</u>	<u>(120,197)</u>
Expenditures				
Assigned Expenses	2,212,500	466,086	1,171,833	(705,747)
Debt Service	425,074	425,074	429,859	(4,785)
Other Funds and Capital	540,000	444,600	21,093	423,507
Total Expenditures	<u>3,177,574</u>	<u>1,335,760</u>	<u>1,622,785</u>	<u>(287,025)</u>
Excess Revenues Over (Under) Expenditures	(2,086,628)	(863,948)	(1,271,170)	(407,222)
Other Financing Sources (Uses)				
Transfers In	980,354	946,423	935,829	(10,594)
Net Change in Fund Balance	(1,106,274)	82,475	(335,341)	(417,816)
Fund Balance, Beginning of year	<u>2,531,319</u>	<u>2,531,319</u>	<u>2,531,319</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 1,425,045</u>	<u>\$ 2,613,794</u>	<u>\$ 2,195,978</u>	<u>\$ (417,816)</u>

City of Manitou Springs, Colorado

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2019

	12/31/2018	12/31/2017
Proportionate Share of the Net Pension Liability		
City's Proportion of the Net Pension Liability	0.4023930474%	0.3564476255%
City's Proportionate Share of the Net Pension Liability	\$ 5,058,938	\$ 3,968,795
City's Covered-Employee Payroll	\$ 2,755,869	\$ 2,807,196
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	183.57%	141.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	79.37%
	12/31/2019	12/31/2018
City Contributions		
Statutorily Required Contribution	\$ 369,595	\$ 323,788
Contributions in Relation to the Statutorily Required Contribution	<u>(369,595)</u>	<u>(323,788)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 2,755,869	\$ 2,807,196
Contributions as a Percentage of Covered-Employee Payroll	13.41%	11.53%

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

(Continued)

City of Manitou Springs, Colorado

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2019

(Continued)

	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net Pension Liability	0.3279100000%	0.3067500000%	0.2589400000%	0.2536000000%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,427,922	\$ 3,379,093	\$ 2,320,884	\$ 2,086,887
Authority's Covered-Employee Payroll	\$ 2,248,623	\$ 1,976,677	\$ 1,741,473	\$ 1,418,864
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	196.92%	170.95%	133.27%	147.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.65%	76.87%	80.72%	77.66%
	12/31/2017	12/30/2016	12/31/2015	12/31/2014
Authority Contributions				
Statutorily Required Contribution	\$ 286,261	\$ 252,803	\$ 220,819	\$ 200,571
Contributions in Relation to the Statutorily Required Contribution	<u>(286,261)</u>	<u>(252,803)</u>	<u>(220,819)</u>	<u>(200,571)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	2,248,623	\$ 1,976,677	\$ 1,741,473	\$ 1,418,864
Contributions as a Percentage of Covered-Employee Payroll	12.73%	12.79%	12.68%	14.14%

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Police Officers Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2019

	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability		
City's Proportion of the Net Pension Liability	0.1207309423%	0.130220800%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 152,637	\$ (187,343)
City's Covered-Employee Payroll	\$ 791,116	\$ 899,076
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	19.29%	(20.84%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	106.30%
	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions		
Statutorily Required Contribution	\$ 161,834	\$ 64,698
Contributions in Relation to the Statutorily Required Contribution	<u>(161,834)</u>	<u>(64,698)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 791,116	\$ 899,076
Contributions as a Percentage of Covered-Employee Payroll	20.46%	7.20%

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Police Officers Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2019
(Continued)

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net Pension Liability	0.1439600000%	0.1396100000%	0.1345200000%	0.1330600000%
Authority's Proportionate Share of the Net Pension Liability	\$ 52,019	\$ -2,461	\$ (151,810)	\$ (118,980)
Authority's Covered-Employee Payroll	\$ 760,073	\$ 738,608	\$ 683,311	\$ 604,912
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	6.84%	(0.33%)	(22.22%)	(19.67%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.21%	100.10%	106.83%	105.83%
	<u>12/31/2017</u>	<u>12/30/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Authority Contributions				
Statutorily Required Contribution	\$ 60,806	\$ 59,089	\$ 54,665	\$ 48,393
Contributions in Relation to the Statutorily Required Contribution	<u>(60,806)</u>	<u>(59,089)</u>	<u>(54,665)</u>	<u>(48,393)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	760,073	\$ 738,608	\$ 683,311	\$ 604,912
Contributions as a Percentage of Covered-Employee Payroll	8.00%	8.00%	8.00%	8.00%

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2019

	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability		
City's Proportion of the Net Pension Liability	0.0640696184%	0.0595969000%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 81,002	\$ (85,740)
City's Covered-Employee Payroll	\$ 422,678	\$ 465,864
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	19.16%	(18.40%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	106.30%
	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions		
Statutorily Required Contribution	\$ 83,855	\$ 34,334
Contributions in Relation to the Statutorily Required Contribution	<u>(83,855)</u>	<u>(34,334)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 422,678	\$ 465,864
Contributions as a Percentage of Covered-Employee Payroll	19.84%	7.37%

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2019
(Continued)

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

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

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2019

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Interest on the Total Pension Liability	\$ 37,852	\$ 36,193	\$ 36,383	\$ 40,843	\$ 41,014
Difference between expected and actual experience of the Total Pension Liability	-	26,018	-	(87,449)	-
Changes of Assumptions	-	-	-	26,286	-
Benefit Payments	(40,693)	(39,508)	(38,357)	(39,914)	(46,540)
Net Change in Total Pension Liability	(2,841)	22,703	(1,974)	(60,234)	(5,526)
Total Pension Liability - Beginning	524,669	501,966	503,940	564,174	569,700
Total Pension Liability - Ending	<u>\$ 521,828</u>	<u>\$ 524,669</u>	<u>\$ 501,966</u>	<u>\$ 503,940</u>	<u>\$ 564,174</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 16,956	\$ 16,959	\$ 21,799	\$ 21,799	\$ 19,672
Pension Plan Net Investment Income	371	45,694	17,007	5,687	22,581
Benefit Payments	(40,693)	(39,508)	(38,357)	(39,914)	(46,540)
Pension Plan Administrative Expense	(2,971)	(689)	(2,380)	(837)	(3,655)
Net Change in Plan Fiduciary Net Position	(26,337)	22,456	(1,931)	(13,265)	(7,942)
Total Plan Fiduciary Net Position - Beginning	344,596	322,140	324,071	337,336	345,278
Total Plan Fiduciary - Ending	<u>\$ 318,259</u>	<u>\$ 344,596</u>	<u>\$ 322,140</u>	<u>\$ 324,071</u>	<u>\$ 337,336</u>
Net Pension Liability (Asset)					
Total Pension Liability - Ending	\$ 521,828	\$ 524,669	\$ 501,966	\$ 503,940	\$ 564,174
Total Plan Fiduciary - Ending	318,259	344,596	322,140	324,071	337,336
Net Pension Liability (Asset)	<u>\$ 203,569</u>	<u>\$ 180,073</u>	<u>\$ 179,826</u>	<u>\$ 179,869</u>	<u>\$ 226,838</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.99%	65.68%	64.18%	64.31%	59.79%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

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

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2019

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Service Cost	\$ 5,655	\$ 5,655	\$ 6,563	\$ 6,563	\$ 5,274
Interest on the Total Pension Liability	41,581	42,322	41,496	42,160	40,957
Difference between expected and actual experience of the Total Pension Liability	1,311	-	(1,436)	-	24,855
Changes of Assumptions	19,985	-	21,796	-	-
Benefit Payments	<u>(59,054)</u>	<u>(56,700)</u>	<u>(57,225)</u>	<u>(57,905)</u>	<u>(53,550)</u>
Net Change in Total Pension Liability	9,478	(8,723)	11,194	(9,182)	17,536
Total Pension Liability - Beginning	<u>580,626</u>	<u>589,349</u>	<u>578,155</u>	<u>587,337</u>	<u>569,801</u>
Total Pension Liability - Ending	<u>\$ 590,104</u>	<u>\$ 580,626</u>	<u>\$ 589,349</u>	<u>\$ 578,155</u>	<u>\$ 587,337</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Pension Plan Net Investment Income	312	46,005	18,105	6,628	24,145
Benefit Payments	(59,054)	(56,700)	(57,225)	(57,905)	(53,550)
Pension Plan Administrative Expense	(11,616)	(10,873)	(813)	(1,838)	(941)
State of Colorado supplemental discretionary payment	<u>28,800</u>	<u>-</u>	<u>14,400</u>	<u>14,400</u>	<u>14,400</u>
Net Change in Plan Fiduciary Net Position	<u>(25,558)</u>	<u>(5,568)</u>	<u>(9,533)</u>	<u>(22,715)</u>	<u>54</u>
Total Plan Fiduciary Net Position - Beginning	<u>335,184</u>	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>	<u>372,946</u>
Total Plan Fiduciary - Ending	<u>\$ 309,626</u>	<u>\$ 335,184</u>	<u>\$ 340,752</u>	<u>\$ 350,285</u>	<u>\$ 373,000</u>
Net Pension Liability (Asset)					
Total Pension Liability - Ending	\$ 590,104	\$ 580,626	\$ 589,349	\$ 578,155	\$ 587,337
Total Plan Fiduciary - Ending	<u>309,626</u>	<u>335,184</u>	<u>340,752</u>	<u>350,285</u>	<u>373,000</u>
Net Pension Liability (Asset)	<u>\$ 280,478</u>	<u>\$ 245,442</u>	<u>\$ 248,597</u>	<u>\$ 227,870</u>	<u>\$ 214,337</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.47%	57.73%	57.82%	60.59%	63.51%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

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

City of Manitou Springs, Colorado
Schedule of City Contributions
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2019

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

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

NOTES:

Actuarial Valuation Date: 1/1/2018
Actuarially determined contribution rates are calculated as of January 1 of even numbered years.

Actuarial Cost Method: Entry Age Normal
Amortization Method: Level Dollar, Open
Remaining Amortization Period: 20 years *
Asset Valuation Method: 5-Year Smoothed Fair Value
Inflation: 2.50%
Salary Increases: N/A
Investment Rate of Return: 7.50%
Retirement Age: Any remaining actives are assumed to retire immediately

Mortality: Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

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

City of Manitou Springs, Colorado
Schedule of City Contributions
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2019

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

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

NOTES:

Actuarial Valuation Date: 1/1/2018
Actuarially determined contribution rates are calculated as of January 1 of even numbered years.

Actuarial Cost Method: Entry Age Normal
Amortization Method: Level Dollar, Open
Remaining Amortization Period: 20 years *
Asset Valuation Method: 5-Year Smoothed Fair Value
Inflation: 2.50%
Salary Increases: N/A
Investment Rate of Return: 7.50%
Retirement Age: 50% per year of eligibility until 100% at age 65.

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

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

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

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 1: Stewardship, Compliance, and Accountability

Budgets

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

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

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

Note 2: Defined Benefit Pension Plans

FPPA Police and Fire Statewide Defined Benefit Plans

Changes in Plan Provisions – The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2019 as a result of member election.

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

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

Local Government Division Trust Fund Defined Benefit Plan (PERA)

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

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 2: Defined Benefit Pension Plans (Continued)

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

Changes in Assumptions and Other Inputs – For the year ended December 31, 2019, the total pension liability was determined by an actuarial valuation as of December 31, 2017. The following revised economic and demographic assumptions were effective as of December 31, 2017.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Wage inflation assumption increased from 3.5% - 9.7% to 3.5% - 10.45%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Supplementary Information

Combining and Individual Fund Statements and Schedules

City of Manitou Springs, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds				Capital Project Funds		Total
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	El Paso/ Beckers Park Fund	Downtown Public Facilities Fund	Rural Transportation Authority Fund	
Assets							
Cash and Investments	\$ 230,550	\$ 255,887	\$ 6,362	\$ 260,313	\$ 182,912	\$ (111,534)	\$ 824,490
Property Taxes Receivable	56,395	-	-	70,490	-	-	126,885
Accounts Receivable	2	-	-	-	-	-	2
Due From Other Governments	4	-	2,250	5	-	136,193	138,452
Total Assets	<u>\$ 286,951</u>	<u>\$ 255,887</u>	<u>\$ 8,612</u>	<u>\$ 330,808</u>	<u>\$ 182,912</u>	<u>\$ 24,659</u>	<u>\$ 1,089,829</u>
Liabilities							
Accounts Payable	\$ 6,728	\$ -	\$ -	\$ 16	\$ -	\$ 21,345	\$ 28,089
Total Liabilities	<u>\$ 6,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 21,345</u>	<u>\$ 28,089</u>
Deferred Inflows of Resources							
Deferred Property Tax Revenue	\$ 56,395	\$ -	\$ -	\$ 70,490	\$ -	\$ -	\$ 126,885
Fund Balance							
Restricted							
Parks and Open Space	223,828	255,887	-	260,302	-	-	740,017
Law Enforcement	-	-	8,612	-	-	-	8,612
Assigned to Capital Projects							
Capital Projects	-	-	-	-	182,912	3,314	186,226
Total Fund Balance	<u>223,828</u>	<u>255,887</u>	<u>8,612</u>	<u>260,302</u>	<u>182,912</u>	<u>3,314</u>	<u>934,855</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 286,951</u>	<u>\$ 255,887</u>	<u>\$ 8,612</u>	<u>\$ 330,808</u>	<u>\$ 182,912</u>	<u>\$ 24,659</u>	<u>\$ 1,089,829</u>

City of Manitou Springs, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds			Capital Projects Funds		Total	
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	El Paso/ Becker Park Fund	Downtown Public Facilities Fund		Rural Transportation Authority Fund
Revenues							
Taxes	\$ 165,783	\$ -	\$ -	\$ 62,511	\$ -	\$ -	\$ 228,294
Intergovernmental	-	62,396	900	-	-	-	63,296
Fines and Forfeitures	-	-	13,860	-	-	-	13,860
Investment Income	6,699	3,232	-	702	-	-	10,633
Other Income	1,503	-	-	-	-	-	1,503
	<u>173,985</u>	<u>65,628</u>	<u>14,760</u>	<u>63,213</u>	<u>-</u>	<u>-</u>	<u>317,586</u>
Total Revenues							
Expenditures							
Public Works	11,929	-	-	-	-	-	11,929
Culture and Recreation	-	25,044	-	199,046	-	-	224,090
Capital Outlay	-	-	4,888	-	-	549,089	553,977
Debt Service							
Principal	46,821	-	-	-	-	-	46,821
Interest and Fiscal Charges	12,622	-	-	-	-	-	12,622
	<u>71,372</u>	<u>25,044</u>	<u>4,888</u>	<u>199,046</u>	<u>-</u>	<u>549,089</u>	<u>849,439</u>
Total Expenditures							
Excess Revenues Over (Under) Expenditures	<u>102,613</u>	<u>40,584</u>	<u>9,872</u>	<u>(135,833)</u>	<u>-</u>	<u>(549,089)</u>	<u>(531,853)</u>
Other Financing Sources (Uses)							
Transfers Out	(7,000)	-	(1,400)	(43,320)	-	-	(51,720)
Net Change in Fund Balance	95,613	40,584	8,472	(179,153)	-	(549,089)	(583,573)
Fund Balance, Beginning of year	<u>128,215</u>	<u>215,303</u>	<u>140</u>	<u>439,455</u>	<u>182,912</u>	<u>3,314</u>	<u>969,339</u>
Fund Balance, End of year	<u>\$ 223,828</u>	<u>\$ 255,887</u>	<u>8,612</u>	<u>\$ 260,302</u>	<u>\$ 182,912</u>	<u>\$ (545,775)</u>	<u>\$ 385,766</u>

See the accompanying Independent Auditors' Report.

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Government Shared Revenues	\$ 55,000	\$ 55,000	\$ 62,396	\$ 7,396
Interest	1,800	1,800	3,232	1,432
Total Revenues	<u>56,800</u>	<u>56,800</u>	<u>65,628</u>	<u>8,828</u>
Expenditures				
Parks and Recreation	170,500	143,500	25,044	118,456
Total Expenditures	<u>170,500</u>	<u>143,500</u>	<u>25,044</u>	<u>118,456</u>
Net Change in Fund Balance	(113,700)	(86,700)	40,584	127,284
Fund Balance, Beginning of year	<u>215,303</u>	<u>215,303</u>	<u>215,303</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 101,603</u>	<u>\$ 128,603</u>	<u>\$ 255,887</u>	<u>\$ 127,284</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Law Enforcement Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	\$ 12,000	\$ 5,600	\$ 13,860	\$ 8,260
Intergovernmental	2,250	900	900	-
Total Revenues	<u>14,250</u>	<u>6,500</u>	<u>14,760</u>	<u>8,260</u>
Expenditures				
Capital Outlay	<u>8,780</u>	<u>5,100</u>	<u>4,888</u>	<u>212</u>
Total Expenditures	<u>8,780</u>	<u>5,100</u>	<u>4,888</u>	<u>212</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(1,400)</u>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Net Change in Fund Balance	4,070	-	8,472	8,472
Fund Balance, Beginning of year	<u>140</u>	<u>140</u>	<u>140</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 4,210</u>	<u>\$ 140</u>	<u>\$ 8,612</u>	<u>\$ 8,472</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 El Paso/ Beckers Park Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 62,432	\$ 62,432	\$ 62,511	\$ 79
Interest	-	-	702	702
Total Revenues	<u>62,432</u>	<u>62,432</u>	<u>63,213</u>	<u>781</u>
Expenditures				
Other Funds Programs	<u>330,623</u>	<u>296,787</u>	<u>199,046</u>	<u>97,741</u>
Total Expenditures	<u>330,623</u>	<u>296,787</u>	<u>199,046</u>	<u>97,741</u>
Excess of Revenues Over Under Expenditures	(268,191)	(234,355)	(135,833)	98,522
Other Financing Sources (Uses)				
Transfers Out	-	-	(43,320)	(43,320)
Net Change in Fund Balance	(268,191)	(234,355)	(179,153)	55,202
Fund Balance, Beginning of year	<u>436,772</u>	<u>436,772</u>	<u>439,455</u>	<u>2,683</u>
Fund Balance, End of year	<u>\$ 168,581</u>	<u>\$ 202,417</u>	<u>\$ 260,302</u>	<u>\$ 57,885</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Rural Transportation Authority Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 2,328,331	\$ 947,196	\$ -	\$ (947,196)
Total Revenues	<u>2,328,331</u>	<u>947,196</u>	<u>-</u>	<u>(947,196)</u>
Expenditures				
Capital Outlay	2,328,331	947,196	549,089	398,107
Total Expenditures	<u>2,328,331</u>	<u>947,196</u>	<u>549,089</u>	<u>398,107</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(549,089)</u>	<u>(549,089)</u>
Net Change in Fund Balance	-	-	(549,089)	(549,089)
Fund Balance, Beginning of year	<u>-</u>	<u>-</u>	<u>3,314</u>	<u>3,314</u>
Fund Balance, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (545,775)</u></u>	<u><u>\$ (545,775)</u></u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Open Space Fund
 For the Year Ended December 31, 2019

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property Taxes	\$ 49,945	\$ 50,009	\$ 64
Sales Tax	103,000	115,774	12,774
Investment Income	-	6,699	6,699
Miscellaneous	-	1,503	1,503
	<u>152,945</u>	<u>173,985</u>	<u>21,040</u>
Expenditures			
Debt Service	59,506	59,443	63
Other Funds and Capital	199,000	11,929	187,071
	<u>258,506</u>	<u>71,372</u>	<u>187,134</u>
Excess Revenues Over (Under) Expenditures	(105,561)	102,613	208,174
Other Financing Sources (Uses)			
Transfers Out	-	(7,000)	(7,000)
Net Change in Fund Balance	(105,561)	95,613	201,174
Fund Balance, Beginning of year	-	128,215	128,215
Fund Balance, End of year	<u>\$ (105,561)</u>	<u>\$ 223,828</u>	<u>\$ 329,389</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Storm Drainage Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Special Assessments	\$ 337,000	\$ 385,093	\$ 385,999	\$ 906
Grants and Donations	101,856	101,856	118,897	17,041
Interest	-	-	4,290	4,290
Total Revenues	<u>438,856</u>	<u>486,949</u>	<u>509,186</u>	<u>22,237</u>
Expenses				
Operations and Maintenance	606,143	491,904	424,461	67,443
Debt Service	36,252	36,252	2,942	33,310
Other Fund Programs and Capital	156,150	161,952	-	161,952
Total Expenditures	<u>798,545</u>	<u>690,108</u>	<u>427,403</u>	<u>262,705</u>
Net Income Budget Basis	<u>(359,689)</u>	<u>(203,159)</u>	81,783	<u>284,942</u>
GAAP Basis Adjustments				
Depreciation			(426,210)	
Net Position, Beginning			<u>9,627,089</u>	
Net Position, Ending			<u>\$ 9,282,662</u>	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 1,670,570	\$ 1,751,144	\$ 1,531,549	\$ (219,595)
Miscellaneous	-	-	1,114	1,114
Total Revenue	1,670,570	1,751,144	1,532,663	(218,481)
Expenses				
Operations	1,830,096	1,615,976	796,700	819,276
Water Treatment Plan	491,900	666,900	-	666,900
Total Expenses	2,321,996	2,282,876	796,700	1,486,176
Net Operating Income	(651,426)	(531,732)	735,963	1,267,695
Nonoperating Revenues (Expenses)				
Interest Income	-	20,522	15,113	(5,409)
Transfers Out	-	-	(124,155)	(124,155)
Total Nonoperating Revenues (Expenses)	-	20,522	(109,042)	(129,564)
Net Income (Loss) Before Contributed Capital	(651,426)	(511,210)	626,921	1,138,131
Contributed Capital				
Plant Investment Fees	-	-	66,000	66,000
Change in Net Position, Budgetary Basis	\$ (651,426)	\$ (511,210)	692,921	\$ 1,204,131
Reconciliation to GAAP Basis				
Depreciation			(485,847)	
Debt Service			(13,379)	
Change in Net Position, GAAP Basis			\$ 193,695	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 1,157,272	\$ 1,156,467	\$ 1,134,969	\$ (21,498)
Miscellaneous	-	-	7,797	7,797
	1,157,272	1,156,467	1,142,766	(13,701)
Expenses				
Operations	1,318,671	1,334,411	841,164	493,247
	1,318,671	1,334,411	841,164	493,247
Net Operating Income	(161,399)	(177,944)	301,602	479,546
Nonoperating Revenues (Expenses)				
Interest Income	-	-	20,263	(20,263)
Capital Contributions	-	-	16,170	(16,170)
Debt Service	-	-	(3,465)	3,465
Transfers Out	-	-	(55,875)	55,875
	-	-	(22,907)	22,907
Net Income (Loss) Before Contributed Capital	(161,399)	(177,944)	278,695	502,453
Change in Net Position, Budgetary Basis	\$ (161,399)	\$ (177,944)	278,695	\$ 502,453
Reconciliation to GAAP Basis				
Depreciation			(207,436)	
Change in Net Position, GAAP Basis			\$ 71,259	

City of Manitou Springs, Colorado

Change in Fiduciary Net Position

Agency Fund

For the Year Ended December 31, 2019

	Balance 12/31/18	Additions	Deductions	Balance 12/31/19
Treasurer				
<i>Assets</i>				
Cash and Investments	\$ 61,069	\$ 68,712	\$ (61,069)	\$ 68,712
Property Taxes Receivable	3,711	4,252	(3,711)	4,252
Accounts Receivable	-	10,245	-	10,245
	64,780	83,209	(64,780)	83,209
	64,780	83,209	(64,780)	83,209
<i>Liabilities</i>				
Accounts Payable	\$ 129,560	\$ 5,471	\$ (129,560)	\$ 5,471
Due to Metropolitan District	66,570	73,486	(66,570)	73,486
	196,130	78,957	(196,130)	78,957
	196,130	78,957	(196,130)	78,957
<i>Deferred Inflows of Resources</i>				
Deferred Property Tax Revenues	3,668	4,252	(3,668)	4,252
	3,668	4,252	(3,668)	4,252
	3,668	4,252	(3,668)	4,252
Total Liabilities and Deferred Inflows	\$ 199,798	83,209	(199,798)	83,209
	\$ 199,798	83,209	(199,798)	83,209

Compliance Section

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Manitou Springs
YEAR ENDING :
December 2019

This Information From The Records Of City of Manitou Springs: Prepared By: Rebecca Davis
Phone: 719/685-2548

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	554,730
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	447,255
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	27,539
2. General fund appropriations	1,288,126	b. Snow and ice removal	
3. Other local imposts (from page 2)	367,770	c. Other	59,849
4. Miscellaneous local receipts (from page 2)	77,502	d. Total (a. through c.)	87,388
5. Transfers from toll facilities		4. General administration & miscellaneous	26,900
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,123,295
a. Bonds - Original Issues		6. Total (1 through 5)	2,239,568
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,733,398	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	231,876	2. Notes:	
D. Receipts from Federal Government (from page 2)	274,295	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,239,568	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			2,239,568

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0			0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	2,239,568	2,239,568	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	22,201
1. Sales Taxes	266,971	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	55,301
5. Specific Ownership &/or Other	100,799	g. Other Misc. Receipts	
6. Total (1. through 5.)	367,770	h. Other	
c. Total (a. + b.)	367,770	i. Total (a. through h.)	77,502
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	191,665	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	17,744	d. Federal Transit Admin	
d. Other (Specify) -Road & Bridge	10,216	e. U.S. Corps of Engineers	
e. Other (Specify)-State HVE Grants	12,251	f. Other Federal-FHWA	274,295
f. Total (a. through e.)	40,210	g. Total (a. through f.)	274,295
4. Total (1. + 2. + 3.f)	231,876	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	331,499	13,464	344,963
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		209,767	209,767
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	209,767	209,767
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	331,499	223,231	554,730
			(Carry forward to page 1)
Notes and Comments:			