

City of Manitou Springs, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2020



City of Manitou Springs, Colorado

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December 31, 2020

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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, 2020, 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, 2020, 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
July 19, 2021



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, 2020. 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 \$39,964,525 (net position) for the primary reporting entity. Of this amount \$8,662,381 (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 \$3,930,043 during the fiscal year.
- As of the close of the current fiscal year, the City’s *governmental funds* reported combined ending fund balances of \$8,310,155.
- The *governmental funds* reported total unrestricted/unassigned fund balances of \$4,816,089’.
- The combined governmental funds remained in a positive financial condition. Based on current year expenditures, excluding the transfers out for debt service payments and capital expenditures made by other funds, the General Fund fund balance would allow the City to cover its governmental operating costs for 222 days, or approximately seven months.

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

- The City's total debt, including accrued compensated absences, increased by \$1,076,179 during the current fiscal year. Existing debt was reduced by principal payments (not including compensated absences) totaling \$664,482.
- General Fund sales/use tax revenue in 2020, \$7,226,067 increased by 11.92% or \$769,254, from 2019 sales/use tax revenue of \$6,456,813.

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, Capital Improvements Fund and our newest fund, the MACH Fund. The business-related activities of the City include Water, Sewer, and Storm Drainage utilities. In addition to the governmental and business-related activities, which are the primary government, the financial statements include the discrete presentation of a component unit of the City. The Manitou Springs Urban Renewal Authority, "URA", was created to reduce, eliminate, and prevent the spread of blight and to stimulate growth and investment within the area to the east of Highway 24.

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

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

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

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

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

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.

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

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

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

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

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

Government-wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,964,525 at the close of the fiscal year.
- The City's net investment in capital assets is \$30,087,852. 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* \$8,662,381 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 \$3,620,548. In 2020, general sales tax/use revenues, \$7,576,113 comprised approximately 76.33% of all general revenues and transfers. This is a decrease in percentage of less than half a percent, 0.33%, from 2019, which was 76.7% of all general fund revenues and transfers. The decrease is statistically insignificant.

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

CITY OF MANITOU SPRINGS NET POSITION (Continued)

Business-Type activities: Business-type activities increased the City's net position by \$309,495. The Storm Drainage Fund had a decrease in net position of \$66,301. This is attributed to depreciation. The Water Fund had an increase in net position of \$133,648. The Sewer Fund reflected a gain of \$242,148. The gains in the Water and Sewer Funds can be attributed to the Water/Sewer Rate study performed in 2019. This study provided the basis for Ordinance 1719 which established a six-year schedule of percentage increases to the water and sewer rates to ensure positive net positions.

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$7,462,531	\$10,034,641	\$3,860,620	\$5,886,502	\$11,323,151	\$15,921,143
Non-current assets	16,481,601	17,160,870	18,662,932	18,393,117	35,144,533	35,553,987
Total assets	23,830,106	27,195,511	22,523,552	24,279,619	46,687,681	51,475,130
Deferred Outflows of Resources	1,661,172	1,144,928	642,993	70,363	2,304,165	1,215,291
Total current liabilities	601,539	810,992	151,572	274,450	753,111	1,085,442
Total non-current liabilities	7,171,593	5,223,601	3,599,496	4,400,260	10,771,089	9,623,861
Total Liabilities	7,773,132	6,034,593	3,751,068	4,674,710	11,524,200	10,709,303
Deferred Inflows of Resources	963,411	1,816,537	249,756	200,056	1,213,167	2,016,593
Net Position:						
Net Investment in Capital Assets	14,299,923	15,368,382	16,432,717	14,719,470	30,732,640	30,087,852
Restricted	864,183	1,214,292	-	-	864,183	1,214,292
Unrestricted	1,704,655	3,906,635	2,733,004	4,755,746	4,437,659	8,662,381
Total net position	\$16,863,761	\$20,489,309	\$19,165,721	\$19,475,216	\$36,034,482	\$39,964,525

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

CHANGES IN NET POSITION

Revenues:	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Program Revenues:						
Charges for Services	\$2,136,485	\$1,128,241	\$3,052,517	\$3,185,785	\$5,189,002	\$4,314,026
Operating Grants and Contributions	1,192,058	1,898,139	-	-	1,192,058	1,898,139
Capital Grants and Contributions			201,067	233,124	201,067	233,124
General Revenues						
Taxes	9,121,184	9,545,270	-	-	9,121,184	9,545,270
Investment Income						
	113,356	38,440	39,666	12,172	153,022	50,612
Other	379,871	158,854	8,911	5,456	388,782	164,310
Total General & Program Revenues	12,942,954	12,768,944	3,302,161	3,436,537	16,245,115	16,205,481
Transfers	(352,045)	183,482	(180,030)	(183,482)	(532,075)	
Total Revenues	12,590,909	12,952,426	3,122,131	3,253,055	15,713,040	16,205,481
Expenses:						
General Government	3,169,410	1,932,021	-	-	3,169,410	1,932,021
Public Safety	3,671,702	3,530,812	-	-	3,671,702	3,530,812
Public Works	1,844,476	1,631,740	-	-	1,844,476	1,631,740
Parks & Recreation	1,049,069	864,029	-	-	1,049,906	864,029
Capital Outlay	1,725,810	1,298,153			1,725,810	1,298,153
Interest on Long term Debt	88,838	75,123	19,786		108,624	75,123
Business-type Activities	-	-	3,181,818	2,943,560	3,181,818	2,943,560
Total Expenses	11,549,845	9,331,878	3,201,604	2,943,560	14,751,449	12,275,438
Increase (Decrease) in Net Position	1,041,064	3,620,548	(79,473)	309,495	961,591	3,930,043
Beginning Net Position	15,827,697	16,868,761	19,245,194	19,165,721	35,072,891	36,034,482
Ending Net Position	\$16,868,761	\$20,489,309	\$19,165,721	\$19,475,216	\$36,034,482	\$39,964,525

The City's total net position increased by \$3,930,043 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 \$8,310,155. 57.95% of this total amount, \$4,816,089, 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 \$2,505,685. Transfers out totaled \$364,815 and exceeded transfers in of \$254,693 by \$110,122. The net fund balance increased by \$2,491,239. The General Fund finished 2020 with an ending fund balance of \$5,303,685 this includes restricted, committed, assigned as well as unassigned fund balances. Sales tax increased by \$755,330 from 2019. While traditional tourist related vendor types: bars, shops, lodging and restaurants, were negatively impacted by the COVID-19 pandemic due to people staying at home and avoiding travel, two vendor types experienced significant growth: “Other in City” and “Outside of City”. Other in City includes retail marijuana. Retail marijuana was considered essential and continued to be sold during the pandemic. The Other in City sales tax increased by \$512,151, or 17.93%, over 2019. The category of Outside of City continued to benefit from the decision for South Dakota in 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* which allows States to 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 \$673,934, or 84.07%, due to strong internet sales to residents of Manitou Springs who ordered goods online rather than venture from their homes.

The Capital Improvements Fund did not obtain a lease purchase in 2020. A transfer from the General Fund in the amount of \$364,815 funded most of the lease purchases’ principal and interest payments which totaled \$404,925. 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. 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 \$233,612 for design costs. The City’s match is from the PPRTA fund.

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

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 \$66,301.

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 423,746 gallons of fresh water per day in 2020. The Fund had an overall gain in net position of \$133,648, 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 \$242,148.

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 \$402,895, this is attributed to severely cutting revenues at midyear due to the COVID-19 pandemic. City Council took a very conservative approach to revenue estimates to ensure that budgeted amounts were not greater than actual, especially sales tax. Actual General Fund expenditures were less than the amended budgeted amount by \$627,580, this is mainly attributed to salary savings caused by a hiring freeze and decreased spending in most of the departments to compensate for the anticipated reduced revenues due to the COVID-19 pandemic.

**City of Manitou Springs, Colorado
Management’s Discussion and Analysis**

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, 2020 was \$35,530,796 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery, equipment, and vehicles. Major additions to capital assets in 2020 included a Medical Unit vehicle for the fire department as a replacement for an older vehicle, panic doors for the pool, an 18” asphalt milling machine, Parking Logix parking equipment and software for the parking lots, a water line jetting trailer, design work for the Clarksley/ Mountain View Road water/sewer lines replacement project, the start of installing a micro-hydropower plant at the water treatment plant, a magnetic flow meter and a major filter rehabilitation project, also, at the water treatment plan.

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	1,703,684	413,373	2,117,057
Buildings	1,678,039		1,678,039
Equipment and Vehicles	5,349,712	-	5,349,712
Collection and Distribution Improvements	-	30,603,734	30,603,734
Machinery and Equipment	-	3,017,213	3,017,213
Infrastructure	12,080,465	-	12,080,465
Total	31,898,758	34,191,311	66,090,069
Accumulated Depreciation	(14,737,888)	(15,791,385)	(30,529,273)
Net Capital Assets	\$ 17,160,870	\$ 18,399,926	\$ 35,560,796

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

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$5,679,000 (net of compensated absences). Of this amount, \$1,474,117 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.

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

Taxable sales in 2020 increased in comparison to those in 2020 by 5.84%. 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.

Since 2016, taxable sales have performed as follows:

FY2016	\$148,055,471
FY2017	\$159,096,255
FY2018	\$158,323,081
FY2019	\$178,684,265
FY2020	\$189,116,896

All of the above facts were considered during the preparing of the City's budget for the 2021 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Manitou Springs Urban Renewal Authority
Assets				
Cash and Investments	\$ 6,768,253	\$ 3,518,678	\$ 10,286,931	\$ 2,662,386
Restricted Cash	85,901	1,748,422	1,834,323	-
Accounts Receivable	595,122	280,298	875,420	-
Property Taxes Receivable	913,494	-	913,494	107,698
Grants Receivable	13,074	339,104	352,178	-
Due from Other Governments	1,658,797	-	1,658,797	-
Capital Assets,				
Not being depreciated	8,746,515	413,373	9,159,888	-
Net of accumulated depreciation	8,414,355	17,979,744	26,394,099	-
Total Assets	27,195,511	24,279,619	51,475,130	2,770,084
Deferred Outflows of Resources				
Pension Related Outflows of Resources	1,096,519	57,494	1,154,013	-
OPEB Related Outflows of Resources	48,409	12,869	61,278	-
Total Deferred Outflows of Resources	1,144,928	70,363	1,215,291	-
Liabilities				
Accounts Payable	644,828	199,662	844,490	26,356
Accrued Liabilities	166,164	25,844	192,008	-
Accrued Interest	-	15,515	15,515	-
Accrued Salaries	-	33,429	33,429	-
Noncurrent Liabilities				
Due Within One Year	368,744	317,018	685,762	-
Due in More Than One Year	1,586,134	3,356,629	4,942,763	-
Net Pension Liability	2,980,876	650,097	3,630,973	-
Net OPEB Liability	287,847	76,516	364,363	-
Total Liabilities	6,034,593	4,674,710	10,709,303	26,356
Deferred Inflows of Resources				
Property Taxes	913,494	-	913,494	107,698
Pensions, Net of Accumulated Amortization	845,255	184,695	1,029,950	-
OPEB, Net of Accumulated Amortization	57,788	15,361	73,149	-
Total Deferred Inflows of Resources	1,816,537	200,056	2,016,593	107,698
Net Position				
Net Investment in Capital Assets	15,368,382	14,719,470	30,087,852	-
Restricted				
Capital Projects	85,901	-	85,901	-
Parks and Open Space	1,111,760	-	1,111,760	-
Emergencies	-	-	-	2,737
Law Enforcement	16,631	-	16,631	-
Unrestricted	3,906,635	4,755,746	8,662,381	2,633,293
Total Net Position	\$ 20,489,309	\$ 19,475,216	\$ 39,964,525	\$ 2,636,030

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Statement of Activities
For the Year Ended December 31, 2020

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	\$ 1,932,021	\$ 487,365	\$ 259,885	\$ -	\$ (1,184,771)	\$ -	\$ (1,184,771)	\$ -
Public Safety	3,530,812	332,888	52,213	-	(3,145,711)	-	(3,145,711)	-
Public Works	1,631,740	46,000	513,992	-	(1,071,748)	-	(1,071,748)	-
Parks and Recreation	864,029	261,988	500,812	-	(101,229)	-	(101,229)	-
Capital Outlay	1,298,153	-	571,237	-	(726,916)	-	(726,916)	-
Interest on Long-Term Debt	75,123	-	-	-	(75,123)	-	(75,123)	-
Total Governmental Activities	<u>9,331,878</u>	<u>1,128,241</u>	<u>1,898,139</u>	<u>-</u>	<u>(6,305,498)</u>	<u>-</u>	<u>(6,305,498)</u>	<u>-</u>
Business-Type Activities								
Storm Drainage	561,350	386,599	-	107,836	-	(66,915)	(66,915)	-
Water	1,460,451	1,615,558	-	97,970	-	253,077	253,077	-
Sewer	921,759	1,183,628	-	27,318	-	289,187	289,187	-
Total Business-Type Activities	<u>2,943,560</u>	<u>3,185,785</u>	<u>-</u>	<u>233,124</u>	<u>-</u>	<u>475,349</u>	<u>475,349</u>	<u>-</u>
Total Primary Government	<u>\$ 12,275,438</u>	<u>\$ 4,314,026</u>	<u>\$ 1,898,139</u>	<u>\$ 233,124</u>	<u>(6,305,498)</u>	<u>475,349</u>	<u>(5,830,149)</u>	<u>-</u>
Component Unit								
Manitou Urban Renewal Authority	<u>723,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(723,960)</u>
General Revenues								
Property Taxes					1,014,872	-	1,014,872	114,576
Sales and Use Taxes					7,576,113	-	7,576,113	-
Amusement and Lodging					287,645	-	287,645	-
Franchise Fees					337,021	-	337,021	-
Auto Taxes					329,619	-	329,619	-
Fines and Forfeitures					55,706	-	55,706	-
Miscellaneous					7,472	5,456	12,928	-
Investment Income					38,440	12,172	50,612	17,032
Gain on Sale of Assets					95,676	-	95,676	-
Transfers					<u>183,482</u>	<u>(183,482)</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>9,926,046</u>	<u>(165,854)</u>	<u>9,760,192</u>	<u>131,608</u>
Change in Net Position					3,620,548	309,495	3,930,043	(592,352)
NET POSITION, Beginning of year					<u>16,868,761</u>	<u>19,165,721</u>	<u>36,034,482</u>	<u>3,228,382</u>
NET POSITION, End of year					<u>\$ 20,489,309</u>	<u>\$ 19,475,216</u>	<u>\$ 39,964,525</u>	<u>\$ 2,636,030</u>

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	General	Capital Improvements Fund	Other Governmental Funds	Total
Assets				
Cash and Investments	\$ 4,373,462	\$ 1,459,770	\$ 935,021	\$ 6,768,253
Restricted Cash and Investments	-	85,901	-	85,901
Property Taxes Receivable	747,992	39,057	126,445	913,494
Accounts Receivable	262,704	332,418	-	595,122
Grants Receivable	13,074	-	-	13,074
Due From Other Governments	1,062,913	-	595,884	1,658,797
	<u>6,460,145</u>	<u>1,917,146</u>	<u>1,657,350</u>	<u>10,034,641</u>
Total Assets	<u>\$ 6,460,145</u>	<u>\$ 1,917,146</u>	<u>\$ 1,657,350</u>	<u>\$ 10,034,641</u>
Liabilities				
Accounts Payable	\$ 242,304	\$ 145,473	\$ 257,051	\$ 644,828
Accrued Liabilities	166,164	-	-	166,164
	<u>408,468</u>	<u>145,473</u>	<u>257,051</u>	<u>810,992</u>
Total Liabilities	<u>408,468</u>	<u>145,473</u>	<u>257,051</u>	<u>810,992</u>
Deferred Inflows of Resources				
Property Taxes	747,992	39,057	126,445	913,494
	<u>747,992</u>	<u>39,057</u>	<u>126,445</u>	<u>913,494</u>
Fund Balance				
Restricted				
Capital Projects	-	85,901	-	85,901
Parks and Open Space	-	-	1,111,760	1,111,760
Law Enforcement	-	-	16,631	16,631
Committed				
Imaging Technology	5,802	-	-	5,802
Capital Projects	-	50,000	-	50,000
Assigned				
Barr Trail Maintenance	165,070	-	-	165,070
Capital Projects	276,658	1,596,715	145,463	2,018,836
Parks and Trails	31,591	-	-	31,591
Police and Fire	8,475	-	-	8,475
Unrestricted, Unassigned	4,816,089	-	-	4,816,089
	<u>5,303,685</u>	<u>1,732,616</u>	<u>1,273,854</u>	<u>8,310,155</u>
Total Fund Balance	<u>5,303,685</u>	<u>1,732,616</u>	<u>1,273,854</u>	<u>8,310,155</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,460,145</u>	<u>\$ 1,917,146</u>	<u>\$ 1,657,350</u>	<u>\$ 10,034,641</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, 2020

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

Total Fund Balance of Governmental Funds	\$ 8,310,155
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	8,746,515
Capital assets, being depreciated	23,152,243
Accumulated depreciation	(14,737,888)
	17,160,870
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	(2,980,876)
Pension related deferred outflows of resources	1,096,519
Pension related deferred inflows of resources	(845,255)
Net OPEB liability	(287,847)
OPEB related deferred outflows of resources	48,409
OPEB related deferred inflows of resources	(57,788)
	(3,026,838)
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	(1,792,488)
Accrued compensated absences	(162,390)
	(1,954,878)
Total Net Position of Governmental Activities	\$ 20,489,309

City of Manitou Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General	Capital Improvements Fund	Other Governmental Funds	Total
Revenues				
Taxes	\$ 9,030,121	\$ 38,964	\$ 476,185	\$ 9,545,270
Licenses and Permits	133,398	-	-	133,398
Charges for Services	994,843	-	-	994,843
Intergovernmental	275,465	295,656	626,404	1,197,525
Fines and Forfeitures	39,196	-	16,510	55,706
Contributions and Donations	702,415	-	(1,801)	700,614
Investment Income	35,729	415	2,296	38,440
Miscellaneous	5,842	-	1,630	7,472
Total Revenues	<u>11,217,009</u>	<u>335,035</u>	<u>1,121,224</u>	<u>12,673,268</u>
Expenditures				
Current				
General Government	3,139,483	-	700	3,140,183
Public Safety	3,315,673	36,465	177	3,352,315
Public Works	1,585,452	-	46,288	1,631,740
Parks and Recreation	670,716	-	28,130	698,846
Capital Outlay	-	721,822	576,331	1,298,153
Debt Service				
Principal	-	339,609	49,538	389,147
Interest and Fiscal Charges	-	65,316	9,850	75,166
Total Expenditures	<u>8,711,324</u>	<u>1,163,212</u>	<u>711,014</u>	<u>10,585,550</u>
Excess Revenues Over (Under) Expenditures	<u>2,505,685</u>	<u>(828,177)</u>	<u>410,210</u>	<u>2,087,718</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	95,676	-	-	95,676
Transfers In	254,693	364,815	-	619,508
Transfers Out	(364,815)	-	(71,211)	(436,026)
Other Financing Sources (Uses)	<u>(14,446)</u>	<u>364,815</u>	<u>(71,211)</u>	<u>279,158</u>
Net Change in Fund Balance	2,491,239	(463,362)	338,999	2,366,876
Fund Balance, Beginning of year	<u>2,812,446</u>	<u>2,195,978</u>	<u>934,855</u>	<u>5,943,279</u>
Fund Balance, End of year	<u>\$ 5,303,685</u>	<u>\$ 1,732,616</u>	<u>\$ 1,273,854</u>	<u>\$ 8,310,155</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, 2020

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

Net Change in Fund Balance of Governmental Funds	\$ 2,366,876
<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	1,473,096
Depreciation Expense	(793,827)
	679,269
<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	1,531,014
Change in Deferred Outflows Related to Pensions	(530,355)
Change in Deferred Inflows Related to Pensions	(822,258)
Change in Net OPEB Liability	25,790
Change in Deferred Outflows Related to OPEB	14,111
Change in Deferred Inflows Related to OPEB	(35,087)
	183,215
<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	389,190
Change in accrued compensated absences	1,998
	391,188
Change in Net Position of Governmental Activities	\$ 3,620,548

City of Manitou Springs, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2020

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Assets				
<i>Current Assets</i>				
Cash and Investments	\$ 825,420	\$ 710,265	\$ 1,982,993	\$ 3,518,678
Restricted Cash and investments	-	1,187,293	561,129	1,748,422
Accounts Receivable	31,718	144,138	104,442	280,298
Grants Receivable	339,104	-	-	339,104
Total Current Assets	<u>1,196,242</u>	<u>2,041,696</u>	<u>2,648,564</u>	<u>5,886,502</u>
<i>Noncurrent Assets</i>				
Capital Assets, Not being depreciated	-	373,583	39,790	413,373
Net of accumulated depreciation	8,367,303	7,849,041	1,763,400	17,979,744
Total Noncurrent Assets	<u>8,367,303</u>	<u>8,222,624</u>	<u>1,803,190</u>	<u>18,393,117</u>
Total Assets	<u>9,563,545</u>	<u>10,264,320</u>	<u>4,451,754</u>	<u>24,279,619</u>
Deferred Outflows of Resources				
Pension Related Outflows of Resources	16,427	27,378	13,689	57,494
OPEB Related Outflows of Resources	3,677	6,128	3,064	12,869
Total Deferred Outflows of Resources	<u>20,104</u>	<u>33,506</u>	<u>16,753</u>	<u>70,363</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	6,013	118,048	75,601	199,662
Accrued Liabilities	4,684	14,636	6,524	25,844
Accrued Compensated Absences	5,626	21,358	6,445	33,429
Accrued Interest Payable	1,127	11,290	3,098	15,515
Leases Payable, Current Portion	24,052	15,784	47,269	87,105
Loans Payable, Current Portion	-	229,913	-	229,913
Total Current Liabilities	<u>41,502</u>	<u>411,029</u>	<u>138,937</u>	<u>591,468</u>
<i>Noncurrent Liabilities</i>				
Leases Payable	61,023	46,145	66,053	173,221
Loans Payable	-	2,606,438	576,970	3,183,408
Net Pension Liability	185,742	309,570	154,785	650,097
Net OPEB Liability	21,862	36,436	18,218	76,516
Total Noncurrent Liabilities	<u>268,627</u>	<u>2,998,589</u>	<u>816,026</u>	<u>4,083,242</u>
Total Liabilities	<u>310,129</u>	<u>3,409,618</u>	<u>954,963</u>	<u>4,674,710</u>
Deferred Inflows of Financial Resources				
Pensions, Net of Accumulated Amortization	52,770	87,950	43,975	184,695
OPEB, Net of Accumulated Amortization	4,389	7,315	3,657	15,361
Total Deferred Inflows of Resources	<u>57,159</u>	<u>95,265</u>	<u>47,632</u>	<u>200,056</u>
Net Position				
Net Investment in Capital Assets	8,282,228	5,324,344	1,112,898	14,719,470
Unrestricted	934,133	1,468,599	2,353,014	4,755,746
Total Net Position	<u>\$ 9,216,361</u>	<u>\$ 6,792,943</u>	<u>\$ 3,465,912</u>	<u>\$ 19,475,216</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, 2020

	Storm Drainage Fund	Water Fund	Sewer Fund	Totals
Operating Revenues				
Charges for Services	\$ 386,599	\$ 1,615,558	\$ 1,183,628	\$ 3,185,785
Miscellaneous	-	1,045	4,411	5,456
Total Operating Revenues	<u>386,599</u>	<u>1,616,603</u>	<u>1,188,039</u>	<u>3,191,241</u>
Operating Expenses				
Operations	134,986	972,698	719,859	1,827,543
Depreciation	424,243	472,181	199,187	1,095,611
Total Operating Expenses	<u>559,229</u>	<u>1,444,879</u>	<u>919,046</u>	<u>2,923,154</u>
Net Operating Income	<u>(172,630)</u>	<u>171,724</u>	<u>268,993</u>	<u>268,087</u>
Nonoperating Revenues				
Investment Income	2,014	4,895	5,263	12,172
Interest (Expense)	(2,121)	(15,572)	(2,713)	(20,406)
Net Income (Loss) Before Contributed Capital	<u>(172,737)</u>	<u>161,047</u>	<u>271,543</u>	<u>259,853</u>
Contributed Capital				
Tap Fees	-	97,970	27,318	125,288
Capital Grants	107,836	-	-	107,836
Transfers Out	(1,400)	(125,369)	(56,713)	(183,482)
Total Capital Contributions and Transfers	<u>106,436</u>	<u>(27,399)</u>	<u>(29,395)</u>	<u>49,642</u>
Change in Net Position	(66,301)	133,648	242,148	309,495
Net Position, Beginning of year	<u>9,282,662</u>	<u>6,659,295</u>	<u>3,223,764</u>	<u>19,165,721</u>
Net Position, End of year	<u>\$ 9,216,361</u>	<u>\$ 6,792,943</u>	<u>\$ 3,465,912</u>	<u>\$ 19,475,216</u>

City of Manitou Springs, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	Storm Drainage	Water	Sewer	Total
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 387,557	\$ 1,710,637	\$ 1,192,917	\$ 3,291,111
Cash Received from Others	-	1,045	4,411	5,456
Cash Paid to Suppliers	(87,678)	(465,691)	(530,036)	(1,083,405)
Cash Paid to Employees	(111,680)	(453,708)	(178,634)	(744,022)
Net Cash Provided by Operating Activities	<u>188,199</u>	<u>792,283</u>	<u>488,658</u>	<u>1,469,140</u>
Cash Flows From Capital and Related Financing Activities				
Tap fees received	-	97,970	27,318	125,288
Acquisition and Construction of Capital Assets	(21,365)	(764,641)	(39,790)	(825,796)
Issuance of Debt	-	1,177,200	554,400	1,731,600
Debt Principal Payments	(38,549)	(215,962)	(33,657)	(288,168)
Debt Interest Payments	(2,493)	(13,001)	(1,889)	(17,383)
Capital contributions - grants	267,046	-	-	267,046
Transfers to other funds	(1,400)	(125,369)	(56,713)	(183,482)
Net Cash Used by Capital and Related Financing Activities	<u>203,239</u>	<u>156,197</u>	<u>449,669</u>	<u>809,105</u>
Cash Flows From Investing Activities				
Interest received	<u>2,014</u>	<u>4,895</u>	<u>5,263</u>	<u>12,172</u>
Net Cash Used by Capital and Related Financing Activities	<u>2,014</u>	<u>4,895</u>	<u>5,263</u>	<u>12,172</u>
Net Change in Cash and Cash Equivalents	393,452	953,375	943,590	2,290,417
Cash and Cash Equivalents, Beginning of year	<u>431,968</u>	<u>944,183</u>	<u>1,600,532</u>	<u>2,976,683</u>
Cash and Cash Equivalents, End of year	<u>\$ 825,420</u>	<u>\$ 1,897,558</u>	<u>\$ 2,544,122</u>	<u>\$ 5,267,100</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ (172,630)	\$ 171,724	\$ 268,993	\$ 268,087
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	424,243	472,181	199,187	1,095,611
Changes in Assets and Liabilities Related to Operations				
Utility Receivable	958	95,079	9,289	105,326
Accounts Payable	(65,247)	45,577	5,671	(13,999)
Accrued Salaries and Benefits	(819)	3,324	2,422	4,927
Accrued Paid Time Off	1,694	4,398	3,096	9,188
Net Cash Provided by Operating Activities	<u>\$ 188,199</u>	<u>\$ 792,283</u>	<u>\$ 488,658</u>	<u>\$ 1,469,140</u>
Reconciliation of cash and equivalents to the statement of net position				
Cash and Investments	825,420	710,265	1,982,993	3,518,678
Restricted Cash	<u>-</u>	<u>1,187,293</u>	<u>561,129</u>	<u>1,748,422</u>
Total Cash and Equivalents	<u>825,420</u>	<u>1,897,558</u>	<u>2,544,122</u>	<u>5,267,100</u>

See Notes to Financial Statements.

City of Manitou Springs, Colorado
Statement of Fiduciary Net Position
Agency Fund
For the Year Ended December 31, 2020

	Agency
Assets	
Cash and Investments	\$ 111,628
Property Taxes Receivable	3,933
Due from Other Governments	43
Total Assets	\$ 115,604
Liabilities	
Due to Metropolitan District	\$ 111,671
Total Liabilities	111,671
Deferred Inflows of Resources	
Deferred Property Tax Revenues	3,933
Total Liabilities and Deferred Inflows	\$ 115,604

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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 Urban Renewal Authority

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

Government-wide and Fund Financial Statements

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

Assets, Liabilities and Net Position/Fund Balance

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

- *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.

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 July 19, 2021, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At December 31, 2020, cash and investments consisted of the following:

Petty Cash	\$	800
Cash Deposits		4,198,326
Investments		8,861,819
Escrow Cash		<u>1,834,323</u>
Total	\$	<u>14,895,268</u>

Cash is reported in the financial statements as follows:

Primary Government Cash and Investments	\$	10,286,931
Primary Government Restricted Cash and Investments		1,834,323
Urban Renewal Authority		2,662,386
Agency Fund		<u>111,628</u>
Total	\$	<u>14,895,268</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 2: Cash and Investments (Continued)

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, 2020

Note 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2020, the City had \$8,861,819 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, 2020, 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, 2020, is summarized below.

Governmental Activities	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 7,042,831	\$ -	\$ -	\$ 7,042,831
Construction in Progress	1,077,207	626,477	-	1,703,684
Total Capital Assets, Not Being Depreciated	8,120,038	626,477	-	8,746,515
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	4,044,027	-	-	4,044,027
Buildings	1,678,039	-	-	1,678,039
Infrastructure	12,080,465	-	-	12,080,465
Equipment and Vehicles	4,503,093	846,619	-	5,349,712
Total Capital Assets, Being Depreciated	22,305,624	846,619	-	23,152,243

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2020

Note 3: Capital Assets (Continued)

Governmental Activities (Continued)	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital Assets, <i>Not Being Depreciated</i> (Continued)				
Less Accumulated Depreciation				
Land Improvements	(1,888,403)	(152,333)	-	(2,040,736)
Buildings	(1,276,730)	(29,494)	-	(1,306,224)
Infrastructure	(7,602,630)	(336,814)	-	(7,939,444)
Equipment and Vehicles	(3,176,298)	(275,186)	-	(3,451,484)
Total Accumulated Depreciation	<u>(13,944,061)</u>	<u>(793,827)</u>	<u>-</u>	<u>(14,737,888)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>8,361,563</u>	<u>52,792</u>	<u>-</u>	<u>8,414,355</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 16,481,601</u>	<u>\$ 679,269</u>	<u>\$ -</u>	<u>\$ 17,160,870</u>

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

Governmental Activities	
General Government	\$ 391,469
Public Safety	178,497
Public Works	58,678
Parks and Recreation	<u>165,183</u>
Total	<u>\$ 793,827</u>

Capital asset business-type activity for the year ended December 31, 2020, is summarized below.

Business-Type Activities	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital Assets, <i>Not Being Depreciated</i>				
Construction in Progress	29,300	384,073	-	413,373
Total Capital Assets, <i>Not Being Depreciated</i>	<u>29,300</u>	<u>384,073</u>	<u>-</u>	<u>413,373</u>
Capital Assets, <i>Being Depreciated</i>				
Land Improvements	156,991	-	-	156,991
Collection and Distribution System	30,241,451	362,283	-	30,603,734
Machinery and Equipment	2,937,613	79,600	-	3,017,213
Total Capital Assets, <i>Being Depreciated</i>	<u>33,336,055</u>	<u>441,883</u>	<u>-</u>	<u>33,777,938</u>
Total capital assets	33,365,355	825,956	-	34,191,311
Less: Accumulated depreciation	<u>(14,695,774)</u>	<u>(1,095,611)</u>	<u>-</u>	<u>(15,791,385)</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 18,669,581</u>	<u>\$ (269,655)</u>	<u>\$ -</u>	<u>\$ 18,399,926</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2020

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, 2020:

Governmental Activities	Balance 12/31/19	Additions	Deletions	Balance 12/31/20	Due Within One Year
Capital Leases	\$ 2,181,678	\$ -	\$ 389,190	\$ 1,792,488	\$ 368,744
Compensated Absences	164,388	203,492	205,490	162,390	162,390
Total	\$ 2,346,066	\$ 203,492	\$ 594,680	\$ 1,954,878	\$ 531,134

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, 2020, were as follows:

<u>Year Ended December 31,</u>	
2021	\$ 424,978
2022	392,724
2023	286,047
2024	247,082
2025	184,279
2026-2030	455,093
Total Future Minimum Lease Payments	1,990,203
Less: Interest	(197,715)
Present Value of Future Minimum Lease Payments	\$ 1,792,488

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2020

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, 2020:

Business-Type Activities	Balance 12/31/19	Additions	Payments	Balance 12/31/20	Due Within One Year
1985 Water Loan	\$ 274,230	\$ -	\$ 49,580	\$ 224,650	\$ 51,571
2009 Water Loan	651,715	-	62,068	589,647	62,068
2009 Water Loan	651,715	-	62,068	589,647	62,068
2009 Water Loan	282,071	-	26,864	255,207	26,864
2009 Sewer Loan	43,786	-	4,170	39,616	4,170
2020 Water Loan	-	350,000	-	350,000	8,129
2020 Water Loan	-	827,200	-	827,200	19,212
2020 Sewer Loan	-	554,400	-	554,400	12,876
Capital Leases	330,868	-	70,542	260,326	68,231
Compensated Absences	22,370	45,266	34,207	33,429	33,429
Total	\$ 2,256,755	\$ 1,776,866	\$ 309,499	\$ 3,724,122	\$ 348,618

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.

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.

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Water Loans (Continued)

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

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

Sewer Loans

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

Following is the remaining principal and interest for business-type loans as of the year ended December 31, 2020:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 246,959	\$ 34,203	\$ 281,162
2022	279,340	48,796	328,136
2023	283,269	44,868	328,137
2024	287,328	40,809	328,137
2025	236,760	36,613	273,373
2026-2030	1,107,849	152,291	1,260,140
2031-2035	463,759	98,115	561,874
2036-2040	525,103	36,773	561,876
Total	<u>\$ 3,430,367</u>	<u>\$ 492,468</u>	<u>\$ 3,922,835</u>

City of Manitou Springs, Colorado
Notes to Financial Statements
December 31, 2020

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

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, 2020.

<u>Year Ended December 31,</u>		
2021	\$	73,991
2022		73,991
2023		58,267
2024		26,133
2025		8,407
2025-2029		<u>5,727</u>
Total Future Minimum Lease Payments		246,516
Less: Interest		<u>13,810</u>
Present Value of Future Minimum Lease Payments	\$	<u><u>260,326</u></u>

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2020, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Improvement Fund	General Fund	\$ 364,815
General Fund	Water Enterprise	125,369
General Fund	Sewer Enterprise	56,713
General Fund	Law Enforcement Fund	1,420
General Fund	Open Space Fund	9,000
General Fund	El Paso/Becker Park Fund	60,791
General Fund	Storm Drainage Fund	<u>1,400</u>
Total		<u><u>\$ 619,508</u></u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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, 2019. 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, 2020.

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

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.

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

General Information - PERA (Continued)

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 2020 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, 2020, were \$220,715, 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

At December 31, 2020, the City reported a net pension liability of \$3,095,701, 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, 2020, relative to the total contributions of participating employers to the LGDTF. At December 31, 2020, the Authority's proportion was 0.4232621725%, which was an increase of 0.4023930474% from its proportion measured at December 31, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$201,527. At December 31, 2020, 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	\$ 29,788	\$ -
Net difference between projected and actual		
Earnings on plan investments	-	879,501
Changes in proportion	23,275	-
Contributions subsequent to the measurement date	220,715	-
 Total	 \$ 273,778	 \$ 879,501

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

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

<u>Year Ended December 31,</u>				
2020		\$		(340,455)
2021				(53,851)
2022				(432,132)
				<hr style="border-top: 1px solid black;"/>
Total		\$		<u>(826,438)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2019, 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	1.25%
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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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 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.

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>	

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

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

Discount Rate - The discount rate used to measure the total 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%.
- 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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as 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)	\$ 5,686,574	\$ 3,095,701	\$ 916,803

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, 2020 - 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>.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

General Information - FPPA (Continued)

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.

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Police Officers

The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2020. 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, 2020, were \$234,166, 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, 2020, relative to the projected contributions of all participating employers. At December 31, 2020, the City's proportion was 0.1066031308% which was a decrease of 0.0141278115% from its proportion measured at December 31, 2019.

For the year ended December 31, 2020, the City recognized pension asset of \$60,291. At December 31, 2020, 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	\$ 175,696	\$ 918
Changes in assumptions and other inputs	98,430	-
Net difference between projected and actual		
Earnings on plan investments	-	71,822
Changes in proportion	50,338	-
Contributions subsequent to the measurement date	234,166	-
Total	\$ 558,630	\$ 72,740

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

City contributions subsequent to the measurement date of \$234,166 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	\$	20,208	
2021		51,045	
2022		11,050	
2023		11,172	
2024		6,871	
Thereafter		<u>151,378</u>	
Total	\$	<u>251,724</u>	

Actuarial Assumptions – The actuarial valuations as of January 1, 2020, determined the total pension liability using the following actuarial assumptions and other inputs:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	<u>2%</u>	2.52%
Total	<u>100.00%</u>	

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, 2020

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

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

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

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ <u>365,556</u>	\$ <u>(60,291)</u>	\$ <u>(413,475)</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Police Officers (Continued)

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

Firefighters Statewide Defined Benefit Pension Plan (SWDB)

General Information - FPPA

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

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

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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

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, 2020.

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, 2020, were \$97,680, equal to the required contributions.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

The City's proportion of the net pension liability was based on the City's contributions to the plan for the calendar year ended December 31, 2020, relative to the projected contributions of all participating employers. At December 31, 2020, the City's proportion was 0.0571718140% which was a decrease of 0.0640696184% from its proportion measured at December 31, 2019.

At December 31, 2020, the City reported a net pension asset of \$32,334, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

For the year ended December 31, 2020, the City recognized pension expense of \$32,474. At December 31, 2020, 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	\$ 94,227	\$ 495
Changes in assumptions and other inputs	52,790	-
Net difference between projected and actual		
Earnings on plan investments	-	38,521
Changes in proportion	21,378	6,734
Contributions subsequent to the measurement date	97,680	-
Total	\$ 266,075	\$ 45,750

City contributions after the measurement date of \$97,680 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		\$	9,086
2021			25,619
2022			4,173
2023			25,860
2024			23,566
Thereafter			34,341
Total		\$	122,645

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

Actuarial Assumptions – The actuarial valuations as of January 1, 2020, 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, 2020

Note 6: Pension Plans (Continued)

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

State Fire (Continued)

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	550.00%
Managed Futures	4%	5.00%
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>196,050</u>	\$ <u>(32,334)</u>	\$ <u>(221,749)</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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, 2020, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, of the present plan. The City contribution amount for the Plan has been historically determined by biennial actuarial studies.

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

For the year ended December 31, 2020, the City reported a net pension liability of \$354,744. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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)

For the year ended December 31, 2019, the City recognized pension expense of \$187,308. At December 31, 2020, 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	\$ -	\$ 4,820
Contributions subsequent to the measurement date	18,730	-
Total	\$ 18,730	\$ 4,820

\$18,730 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to asset) in the year ended December 31, 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>	
2021	\$ (1,229)
2022	(2,549)
2023	1,928
2024	(2,970)
Total	\$ (4,820)

Actuarial Assumptions – The January 1, 2020 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2020. The valuation used the following actuarial assumptions and other inputs:

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

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

The long-term expected rate of return on pension plan investments was 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10%	3.20%
Fixed Income	80%	5.00%
Managed Futures	0%	4.70%
Absolute Return	0%	5.00%
Long Short	0%	6.50%
Global Public Equity	10%	7.70%
Private Capital	0%	9.50%
Total	100.00%	

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

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

Old Hire Fire (Continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 429,156	\$ 354,744	\$ 291,415

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

Volunteer Firefighters Pension Plan (FPPA)

General Information – Volunteer Firefighters

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

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

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

General Information – Volunteer Firefighters (Continued)

Volunteers Covered by Benefit Terms – At December 31, 2020, 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, 2019. 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, 2020, the City's contributions were \$21,765.

Net Pension Asset

The total pension liability is based on an actuarial valuation performed as of January 1, 2020, and a measurement date of December 31, 2019. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2020, and may be used for December 31, 2020, reporting purposes.

Actuarial Assumptions – The total pension liability was rolled forward from the actuarial valuation as of January 1, 2020 to the measurement date of December 31, 2019, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Assumptions
Actuarial cost method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 Years
Inflation	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%

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

Mortality rates were based on the following:

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

All tables are projected with Scale BB.

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, December 31, 2019	\$ 590,104	\$ 309,626	\$ 280,478
Service Cost	5,060	-	5,060
Interest	39,533	-	39,533
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Contributions	-	21,765	(21,765)
Net Investment Income	-	42,064	(42,064)
Benefit Payments	(56,625)	(56,625)	-
Administrative Expenses	-	(11,911)	11,911
Total	<u>\$ 578,072</u>	<u>\$ 304,919</u>	<u>\$ 273,153</u>

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 6: Pension Plans (Continued)

Net Pension Asset (Continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate share of the Net pension asset (Liability)	\$ 330,154	\$ 273,153	\$ 225,276

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

For the year ended December 31, 2020, the City recognized pension expense of \$46,062 for the Volunteer Pension Plan. At December 31, 2020, 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	\$ 777	\$ 340
Changes in assumptions and other inputs	16,971	-
Net difference between projected and actual		
Earnings on plan investments	-	10,784
Contributions subsequent to the measurement date	21,765	-
Total	\$ 39,513	\$ 11,124

\$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>			
2021		\$	5,567
2022			1,154
2023			4,302
2024			(4,399)
Total		\$	6,624

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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.

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.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

Note 7: Other Postemployment Benefits (Continued)

General Information (Continued)

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.

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, 2020, was \$31,408, 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, 2020, the City reported a net OPEB liability of \$364,363 representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2020.

The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.0324167348%, which was an increase of 0.0307363937% from its proportion measured at December 31, 2019.

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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, 2020, the City recognized OPEB expense of \$26,037,264. At December 31, 2020, 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	\$ 820	\$ 49,100
Changes of assumptions and other inputs	2,302	-
Net difference between projected and actual earnings on plan investments	-	4,171
Changes in proportion	26,747	19,878
Contributions subsequent to the measurement date	31,408	-
Total	\$ 61,277	\$ 73,149

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

<u>Year Ended June 30,</u>			
2021		\$	(13,446)
2022			(11,684)
2023			(13,995)
2024			(6,116)
2025			1,760
Thereafter			201
		\$	(43,280)

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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.

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

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, 2020

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, 2020

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, 2020

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	\$ 411,986	\$ 364,363	\$ 323,636

City of Manitou Springs, Colorado

Notes to Financial Statements

December 31, 2020

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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 355,708	\$ 364,363	\$ 374,365

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, 2020

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, 2020.

Required Supplementary Information

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and Use Taxes	\$ 6,224,000	\$ 6,610,000	\$ 7,226,067	\$ 616,067
Property	862,128	847,728	849,769	2,041
Amusement and Lodging	401,000	187,000	287,645	100,645
Franchise	385,000	388,000	337,021	(50,979)
Auto Use	380,000	280,000	329,619	49,619
Licenses and Permits	80,700	75,500	133,398	57,898
Intergovernmental	848,814	655,855	275,465	(380,390)
Contributions/Donations	276,477	696,941	702,415	5,474
Charges for Services	1,380,638	766,477	994,843	228,366
Fines and Forfeitures	38,015	40,015	39,196	(819)
Investment Income	60,000	36,000	35,729	(271)
Proceeds from Sale of Assets	60,000	72,475	95,676	23,201
Miscellaneous	262,736	253,799	5,842	(247,957)
Total Revenues	<u>11,259,508</u>	<u>10,909,790</u>	<u>11,312,685</u>	<u>402,895</u>
Expenditures				
General Government				
Legislative	264,802	290,675	250,151	40,524
Judicial	111,953	67,098	38,368	28,730
Executive	774,629	810,190	833,909	(23,719)
City Clerk	244,769	199,706	187,182	12,524
Finance	622,214	544,829	547,978	(3,149)
Planning	898,570	556,424	391,706	164,718
Economic Development	1,774,022	424,000	409,000	15,000
Intergovernment	46,344	484,881	480,669	4,212
Miscellaneous	10,000	-	520	(520)
Total General Governments	<u>4,747,303</u>	<u>3,377,803</u>	<u>3,139,483</u>	<u>238,320</u>
Public Safety				
Police	1,995,251	2,035,160	2,283,024	(247,864)
Fire	1,064,679	1,016,419	1,032,649	(16,230)
Total Public Safety	<u>3,059,930</u>	<u>3,051,579</u>	<u>3,315,673</u>	<u>(264,094)</u>
Public Works				
Parking Department	823,750	404,235	1,585,452	(1,181,217)
Total Public Works	<u>823,750</u>	<u>404,235</u>	<u>1,585,452</u>	<u>(1,181,217)</u>

(Continued)

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2020
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued)				
Culture and Recreation				
Public Services	\$ 2,713,537	\$ 2,505,287	\$ 670,716	\$ 1,834,571
Total Culture and Recreation	<u>2,713,537</u>	<u>2,505,287</u>	<u>670,716</u>	<u>1,834,571</u>
Total Expenditures	<u>11,344,520</u>	<u>9,338,904</u>	<u>8,711,324</u>	<u>627,580</u>
Excess Revenues Over (Under) Expenditures	(85,012)	1,570,886	2,601,361	1,030,475
Other Financing Sources (Uses)				
Transfers in	-	-	254,693	254,693
Transfers Out	<u>(458,300)</u>	<u>(364,815)</u>	<u>(364,815)</u>	<u>-</u>
Net Change in Fund Balance	(543,312)	1,206,071	2,491,239	1,285,168
Fund Balance, Beginning of year	<u>2,776,783</u>	<u>2,776,783</u>	<u>2,812,446</u>	<u>35,663</u>
Fund Balance, End of year	<u>\$ 2,233,471</u>	<u>\$ 3,982,854</u>	<u>\$ 5,303,685</u>	<u>\$ 1,320,831</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Capital Improvements Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 39,190	\$ 39,190	\$ 38,964	\$ (226)
Intergovernmental	4,896,408	699,410	295,656	(403,754)
Interest	2,500	25,000	415	(24,585)
Total Revenues	<u>4,938,098</u>	<u>763,600</u>	<u>335,035</u>	<u>(428,565)</u>
Expenditures				
Capital Improvements	6,297,636	1,486,188	758,287	727,901
Debt Service	475,019	401,119	404,925	(3,806)
Total Expenditures	<u>6,772,655</u>	<u>1,887,307</u>	<u>1,163,212</u>	<u>724,095</u>
Excess Revenues Over (Under) Expenditures	(1,834,557)	(1,123,707)	(828,177)	295,530
Other Financing Sources (Uses)				
Transfers In	458,300	364,815	364,815	-
Net Change in Fund Balance	(1,376,257)	(758,892)	(463,362)	295,530
Fund Balance, Beginning of year	<u>1,917,021</u>	<u>1,917,021</u>	<u>2,195,978</u>	<u>278,957</u>
Fund Balance, End of year	<u>\$ 540,764</u>	<u>\$ 1,158,129</u>	<u>\$ 1,732,616</u>	<u>\$ 574,487</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, 2020

	12/31/2019	12/31/2018	12/31/2017
Proportionate Share of the Net Pension Liability			
City's Proportion of the Net Pension Liability	0.4232621725%	0.4023930474%	0.3564476255%
City's Proportionate Share of the Net Pension Liability	\$ 3,095,701	\$ 5,058,938	\$ 3,968,795
City's Covered-Employee Payroll	\$ 2,755,869	\$ 2,807,196	\$ 2,248,623
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	112.33%	180.21%	176.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	75.96%	79.37%
	12/31/2020	12/31/2019	12/31/2018
City Contributions			
Statutorily Required Contribution	\$ 220,715	\$ 369,595	\$ 323,788
Contributions in Relation to the Statutorily Required Contribution	<u>(220,715)</u>	<u>(369,595)</u>	<u>(323,788)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 3,079,173	\$ 2,755,869	\$ 2,807,196
Contributions as a Percentage of Covered-Employee Payroll	7.17%	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, 2020

(Continued)

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

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Police Officers Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability			
City's Proportion of the Net Pension Liability	0.1066031300%	0.1207309423%	0.130220800%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (60,291)	\$ 152,637	\$ (187,343)
City's Covered-Employee Payroll	\$ 791,116	\$ 899,076	\$ 760,073
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(7.62%)	16.98%	(24.65%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	75.96%	106.30%
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions			
Statutorily Required Contribution	\$ 234,166	\$ 161,834	\$ 64,698
Contributions in Relation to the Statutorily Required Contribution	<u>(234,166)</u>	<u>(161,834)</u>	<u>(64,698)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 785,705	\$ 791,116	\$ 899,076
Contributions as a Percentage of Covered-Employee Payroll	29.80%	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, 2020
(Continued)

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

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

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Proportionate Share of the Net Pension Liability			
City's Proportion of the Net Pension Liability	0.0571718140%	0.0640696184%	0.0595969000%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,334)	\$ 81,002	\$ (85,740)
City's Covered-Employee Payroll	\$ 422,678	\$ 349,428	\$ 349,428
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	(7.65%)	23.18%	(24.54%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	75.96%	106.30%
	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
City Contributions			
Statutorily Required Contribution	\$ 97,680	\$ 83,855	\$ 34,334
Contributions in Relation to the Statutorily Required Contribution	<u>(97,680)</u>	<u>(83,855)</u>	<u>(34,334)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered-Employee Payroll	\$ 422,678	\$ 422,678	\$ 349,428
Contributions as a Percentage of Covered-Employee Payroll	23.11%	19.84%	9.83%

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Firefighters Statewide Defined Benefit Pension Plan (FPPA)
For the Year Ended December 31, 2020
(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, 2020

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

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2020
(Continued)

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

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

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2020

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

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

(Continued)

City of Manitou Springs, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Volunteer Firefighters Pension Plan (FPPA)
For the Year Ended December 31, 2020
(Continued)

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

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

City of Manitou Springs, Colorado
Schedule of City Contributions
Old Hire Fire Pension Plan (FPPA)
For the Year Ended December 31, 2020

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

* - 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, 2020

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

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

NOTES:

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

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

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

City of Manitou Springs, Colorado
Notes to Required Supplementary Information
December 31, 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 2020 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, 2020, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- 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, 2020

	Special Revenue Funds				Capital Project Funds			Total
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	Mach Fund	El Paso/ Beckers Park Fund	Downtown Public Facilities Fund	Rural Transportation Authority Fund	
Assets								
Cash and Investments	\$ 310,505	\$ 284,561	\$ 16,735	\$ 166,616	\$ 268,995	\$ 142,150	\$ (254,541)	\$ 935,021
Property Taxes Receivable	56,198	-	-	-	70,247	-	-	126,445
Accounts Receivable	-	-	-	60,812	-	-	-	60,812
Due From Other Governments	20,271	-	-	-	-	-	514,801	535,072
Total Assets	<u>\$ 386,974</u>	<u>\$ 284,561</u>	<u>\$ 16,735</u>	<u>\$ 227,428</u>	<u>\$ 339,242</u>	<u>\$ 142,150</u>	<u>\$ 260,260</u>	<u>\$ 1,657,350</u>
Liabilities								
Accounts Payable	\$ -	\$ -	\$ 104	\$ -	\$ -	\$ -	\$ 256,947	\$ 257,051
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,947</u>	<u>\$ 257,051</u>
Deferred Inflows of Resources								
Deferred Property Tax Revenue	\$ 56,198	\$ -	\$ -	\$ -	\$ 70,247	\$ -	\$ -	\$ 126,445
Fund Balance								
Restricted								
Parks and Open Space	330,776	284,561	-	227,428	268,995	-	-	1,111,760
Law Enforcement	-	-	16,631	-	-	-	-	16,631
Assigned to Capital Projects								
Capital Projects	-	-	-	-	-	142,150	3,313	145,463
Total Fund Balance	<u>330,776</u>	<u>284,561</u>	<u>16,631</u>	<u>227,428</u>	<u>268,995</u>	<u>142,150</u>	<u>3,313</u>	<u>1,273,854</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 386,974</u>	<u>\$ 284,561</u>	<u>\$ 16,735</u>	<u>\$ 227,428</u>	<u>\$ 339,242</u>	<u>\$ 142,150</u>	<u>\$ 260,260</u>	<u>\$ 1,657,350</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, 2020

	Special Revenue Funds				Capital Projects Funds			Total
	Open Space Fund	Conservation Trust Fund	Law Enforcement Fund	Mach Fund	El Paso/ Becker Park Fund	Downtown Public Facilities Fund	Rural Transportation Authority Fund	
Revenues								
Taxes	\$ 178,003	\$ -	\$ -	\$ 228,104	\$ 70,078	\$ -	\$ -	\$ 476,185
Intergovernmental	-	55,167	-	-	-	-	571,237	626,404
Fines and Forfeitures	-	-	16,510	-	-	-	-	16,510
Contributions/Donations	-	-	(1,801)	-	-	-	-	(1,801)
Investment Income	1,249	1,023	-	24	-	-	-	2,296
Other Income	1,630	-	-	-	-	-	-	1,630
	-	-	-	-	-	-	-	-
Total Revenues	<u>180,882</u>	<u>56,190</u>	<u>14,709</u>	<u>228,128</u>	<u>70,078</u>	<u>-</u>	<u>571,237</u>	<u>1,121,224</u>
Expenditures								
Public Works	5,526	-	177	700	-	40,762	-	47,165
Culture and Recreation	20	27,516	-	-	594	-	-	28,130
Capital Outlay	-	-	5,093	-	-	-	571,238	576,331
Debt Service								
Principal	49,538	-	-	-	-	-	-	49,538
Interest and Fiscal Charges	9,850	-	-	-	-	-	-	9,850
Total Expenditures	<u>64,934</u>	<u>27,516</u>	<u>5,270</u>	<u>700</u>	<u>594</u>	<u>40,762</u>	<u>571,238</u>	<u>711,014</u>
Excess Revenues Over (Under) Expenditures	<u>115,948</u>	<u>28,674</u>	<u>9,439</u>	<u>227,428</u>	<u>69,484</u>	<u>(40,762)</u>	<u>(1)</u>	<u>410,210</u>
Other Financing Sources (Uses)								
Transfers Out	<u>(9,000)</u>	<u>-</u>	<u>(1,420)</u>	<u>-</u>	<u>(60,791)</u>	<u>-</u>	<u>-</u>	<u>(71,211)</u>
Net Change in Fund Balance	106,948	28,674	8,019	227,428	8,693	(40,762)	(1)	338,999
Fund Balance, Beginning of year	<u>223,828</u>	<u>255,887</u>	<u>8,612</u>	<u>-</u>	<u>260,302</u>	<u>182,912</u>	<u>3,314</u>	<u>934,855</u>
Fund Balance, End of year	<u>\$ 330,776</u>	<u>\$ 284,561</u>	<u>\$ 16,631</u>	<u>\$ 227,428</u>	<u>\$ 268,995</u>	<u>\$ 142,150</u>	<u>\$ 3,313</u>	<u>\$ 1,273,854</u>

See the accompanying Independent Auditors' Report.

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Government Shared Revenues	\$ 55,000	\$ 46,250	\$ 55,167	\$ 8,917
Interest	1,800	800	1,023	223
Total Revenues	<u>56,800</u>	<u>47,050</u>	<u>56,190</u>	<u>9,140</u>
Expenditures				
Parks and Recreation	<u>154,000</u>	<u>70,000</u>	<u>27,516</u>	<u>42,484</u>
Total Expenditures	<u>154,000</u>	<u>70,000</u>	<u>27,516</u>	<u>42,484</u>
Net Change in Fund Balance	(97,200)	(22,950)	28,674	51,624
Fund Balance, Beginning of year	<u>128,603</u>	<u>128,603</u>	<u>255,887</u>	<u>127,284</u>
Fund Balance, End of year	<u><u>\$ 31,403</u></u>	<u><u>\$ 105,653</u></u>	<u><u>\$ 284,561</u></u>	<u><u>\$ 178,908</u></u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Law Enforcement Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	\$ 5,600	\$ 23,000	\$ 16,510	\$ (6,490)
Intergovernmental	2,250	2,250	-	(2,250)
Contributions/Donations	-	-	(1,801)	(1,801)
Total Revenues	<u>7,850</u>	<u>25,250</u>	<u>14,709</u>	<u>(10,541)</u>
Expenditures				
Capital Outlay	<u>6,300</u>	<u>20,000</u>	<u>5,270</u>	<u>14,730</u>
Total Expenditures	<u>6,300</u>	<u>20,000</u>	<u>5,270</u>	<u>14,730</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(1,420)</u>	<u>(1,420)</u>	<u>(1,420)</u>	<u>-</u>
Net Change in Fund Balance	130	3,830	8,019	4,189
Fund Balance, Beginning of year	<u>140</u>	<u>140</u>	<u>8,612</u>	<u>8,472</u>
Fund Balance, End of year	<u>\$ 270</u>	<u>\$ 3,970</u>	<u>\$ 16,631</u>	<u>\$ 12,661</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 El Paso/ Beckers Park Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 70,486	\$ 70,486	\$ 70,078	\$ (408)
Total Revenues	70,486	70,486	70,078	(408)
Expenditures				
Culture and Recreation	94,431	70,486	594	69,892
Total Expenditures	94,431	70,486	594	69,892
Excess of Revenues Over Under Expenditures	(23,945)	-	69,484	69,484
Other Financing Sources (Uses)				
Transfers Out	-	-	(60,791)	(60,791)
Net Change in Fund Balance	(23,945)	-	8,693	8,693
Fund Balance, Beginning of year	205,100	205,100	260,302	55,202
Fund Balance, End of year	<u>\$ 181,155</u>	<u>\$ 205,100</u>	<u>\$ 268,995</u>	<u>\$ 63,895</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Rural Transportation Authority Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 2,367,100	\$ 1,103,355	\$ 571,237	\$ (532,118)
Total Revenues	<u>2,367,100</u>	<u>1,103,355</u>	<u>571,237</u>	<u>(532,118)</u>
Expenditures				
Capital Outlay	<u>2,367,100</u>	<u>1,103,355</u>	<u>571,238</u>	<u>532,117</u>
Total Expenditures	<u>2,367,100</u>	<u>1,103,355</u>	<u>571,238</u>	<u>532,117</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net Change in Fund Balance	-	-	(1)	(1)
Fund Balance, Beginning of year	<u>3,314</u>	<u>3,314</u>	<u>3,314</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 3,314</u>	<u>\$ 3,314</u>	<u>\$ 3,313</u>	<u>\$ (1)</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Open Space Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 56,389	\$ 56,389	\$ 56,061	\$ (328)
Sales Tax	103,000	113,000	121,942	8,942
Investment Income	-	-	1,249	1,249
Miscellaneous	-	1,629	1,630	1
Total Revenues	<u>159,389</u>	<u>171,018</u>	<u>180,882</u>	<u>9,864</u>
Expenditures				
Debt Service	59,506	59,506	59,388	118
Other Funds and Capital	218,200	148,200	5,546	142,654
Total Expenditures	<u>277,706</u>	<u>207,706</u>	<u>64,934</u>	<u>142,772</u>
Excess Revenues Over (Under) Expenditures	(118,317)	(36,688)	115,948	152,636
Other Financing Sources (Uses)				
Transfers Out	-	-	(9,000)	(9,000)
Net Change in Fund Balance	(118,317)	(36,688)	106,948	143,636
Fund Balance, Beginning of year	<u>122,654</u>	<u>122,654</u>	<u>223,828</u>	<u>101,174</u>
Fund Balance, End of year	<u>\$ 4,337</u>	<u>\$ 85,966</u>	<u>\$ 330,776</u>	<u>\$ 244,810</u>

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Storm Drainage Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Special Assessments	\$ 385,093	\$ 385,093	\$ 386,599	\$ 1,506
Grants and Donations	24,000	24,000	107,836	83,836
Interest	-	-	2,014	2,014
	<u>409,093</u>	<u>409,093</u>	<u>496,449</u>	<u>87,356</u>
Expenses				
Operations and Maintenance	374,976	315,500	134,986	180,514
Debt Service	40,523	40,523	2,121	38,402
Transfers Out	-	-	1,400	(1,400)
	<u>415,499</u>	<u>356,023</u>	<u>138,507</u>	<u>217,516</u>
<i>Net Income Budget Basis</i>	<u>\$ (6,406)</u>	<u>\$ 53,070</u>	357,942	<u>\$ 304,872</u>
GAAP Basis Adjustments				
Depreciation			(424,243)	
Net Position, Beginning			<u>9,282,662</u>	
Net Position, Ending			<u>\$ 9,216,361</u>	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 2,804,944	\$ 2,492,244	\$ 1,615,558	\$ (876,686)
Interest	35,552	4,000	4,895	895
Miscellaneous	-	-	1,045	1,045
Plant Investment Fees	-	-	97,970	97,970
	<u>2,840,496</u>	<u>2,496,244</u>	<u>1,719,468</u>	<u>(776,776)</u>
Expenses				
Operations	2,971,946	2,837,536	972,698	1,864,838
Transfers Out	125,369	125,369	125,369	-
	<u>3,097,315</u>	<u>2,962,905</u>	<u>1,098,067</u>	<u>1,864,838</u>
<i>Net Income Budget Basis</i>	<u>\$ (256,819)</u>	<u>\$ (466,661)</u>	<u>621,401</u>	<u>\$ 1,088,062</u>
Reconciliation to GAAP Basis				
Depreciation			(472,181)	
Debt Service			(15,572)	
			<u>\$ 133,648</u>	
Change in Net Position, GAAP Basis			<u>\$ 133,648</u>	

City of Manitou Springs, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 1,242,356	\$ 1,799,800	\$ 1,183,628	\$ (616,172)
Miscellaneous	-	-	4,411	4,411
Interest Income	-	-	5,263	5,263
Capital Contributions	-	-	27,318	27,318
	<u>1,242,356</u>	<u>1,799,800</u>	<u>1,220,620</u>	<u>(579,180)</u>
Expenses				
Operations	578,425	1,687,880	719,859	968,021
Debt Service	720,466	-	35,546	(35,546)
Transfers Out	56,713	56,713	56,713	-
	<u>1,355,604</u>	<u>1,744,593</u>	<u>812,118</u>	<u>932,475</u>
<i>Net Income Budget Basis</i>	<u>\$ (113,248)</u>	<u>\$ 55,207</u>	408,502	<u>\$ 353,295</u>
Reconciliation to GAAP Basis				
Depreciation			(199,187)	
Debt Principal			32,833	
			<u>242,148</u>	
Change in Net Position, GAAP Basis			<u>\$ 242,148</u>	

City of Manitou Springs, Colorado

Change in Fiduciary Net Position

Agency Fund

For the Year Ended December 31, 2020

	Balance 12/31/19	Additions	Deductions	Balance 12/31/20
Treasurer				
<i>Assets</i>				
Cash and Investments	\$ 68,712	\$ 111,628	\$ (68,712)	\$ 111,628
Property Taxes Receivable	4,252	3,933	(4,252)	3,933
Accounts Receivable	10,202	-	(10,202)	-
Due from other Governments	43	43	(43)	43
Total Assets	83,209	115,604	(83,209)	115,604
<i>Liabilities</i>				
Accounts Payable	\$ 5,471	\$ -	\$ (5,471)	\$ -
Due to Metropolitan District	73,486	111,671	(73,486)	111,671
Total Liabilities	78,957	111,671	(78,957)	111,671
<i>Deferred Inflows of Resources</i>				
Deferred Property Tax Revenues	4,252	3,933	(4,252)	3,933
Total Liabilities and Deferred Inflows	\$ 83,209	115,604	(83,209)	115,604

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: City of Manitou Springs
	YEAR ENDING : December 2020

This Information From The Records Of (example - City of _ or County of City of Manitou Springs)	Prepared By: Rebecca Davis Phone: 719/685-2548
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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
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ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	512,878
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	503,868
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,671
2. General fund appropriations	1,422,527	b. Snow and ice removal	
3. Other local imposts (from page 2)	380,549	c. Other	63,279
4. Miscellaneous local receipts (from page 2)	72,449	d. Total (a. through c.)	74,950
5. Transfers from toll facilities		4. General administration & miscellaneous	13,215
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,209,121
a. Bonds - Original Issues		6. Total (1 through 5)	2,314,032
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)	1,875,525	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	204,895	2. Notes:	
D. Receipts from Federal Government (from page 2)	233,612	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,314,032	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)	2,314,032

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,314,032	2,314,032		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	
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	19,591
1. Sales Taxes	278,815	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	52,858
5. Specific Ownership &/or Other	101,734	g. Other Misc. Receipts	
6. Total (1. through 5.)	380,549	h. Other	
c. Total (a. + b.)	380,549	i. Total (a. through h.)	72,449
	(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	140,467	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	18,700	d. Federal Transit Admin	
d. Other (Specify) - Road&Bridge	12,467	e. U.S. Corps of Engineers	
e. Other (Specify)-Police Traffic Gran	33,261	f. Other Federal CDOT	233,612
f. Total (a. through e.)	64,428	g. Total (a. through f.)	233,612
4. Total (1. + 2. + 3.f)	204,895	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		281,022	281,022
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		231,856	231,856
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	231,856
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		281,022	512,878
			(Carry forward to page 1)
Notes and Comments:			