

Town of Lochbuie, Colorado
FINANCIAL STATEMENTS
with Independent Auditor's Report
December 31, 2019

TABLE OF CONTENTS

Independent Auditor’s Report	I
Management’s Discussion and Analysis	III
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	6
Statements of Net Position - Enterprise Funds	7
Statements of Revenues, Expenses and Changes in Net Position – Enterprise Funds	8
Statements of Cash Flows – Enterprise Funds.....	9
Notes to financial statements	10
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Conservation Trust Fund	42
Pension Related Schedules -	
FPPA.....	43
PERA.....	44
OPEB Related Schedules –	
PERA.....	45
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis) – Enterprise Fund - Water	46
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis) – Enterprise Fund – Sewer.....	47
Schedule of Debt Service Requirements to Maturity	48
History of Assessed Valuation.....	49
Special Reports	
Local Highway Finance Report.....	51

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees
Town of Lochbuie, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lochbuie, Colorado (the Town) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements 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.

Auditor's 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 auditor's 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 entity's 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 entity's 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, and each major fund of the Town of Lochbuie, Colorado, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund 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 on pages III through XI and budgetary comparison information and pension-related schedules on pages 42 through 45 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 required supplementary information on pages III through XI and pages 42 through 45, 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 Town's basic financial statements. The supplementary information and the local highway finance report (together, the information) as listed in the table of contents are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. The 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 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 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.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
May 31, 2020

Town of Lochbuie, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

This discussion and analysis of Lochbuie's financial statements for the year ended December 31, 2019 provides a narrative overview of the Town's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

The Town

The Town of Lochbuie is what is known as a Mayor-Board style statutory Town. This classification, in contrast to a home-rule town, limits the authority the Town exercises, primarily in the area of taxes and tax collection. The Town consists of an elected Mayor and six Town Board trustees. The Town also appoints a Town Treasurer and Town Clerk. The top three candidates for Board seats receive staggered 4 year terms, with the remaining 3 seats and the Mayor receiving a 2 year term. The Town Treasurer and Town Clerk are appointed to 2 year terms. The Town Board employs a Town Administrator to direct the daily activities and functions of the Town.

The Town is located in the northeast Denver metropolitan area and is located within Weld and Adams Counties. The Town is adjacent to the Cities and Towns of Brighton, Hudson and Fort Lupton. The Town encompasses 5 square miles, or 16,000 acres, with approximately 6,300 residents and 1,900 households. The Town provides the majority of its core services by its own means through a Town controlled Waste Water Treatment Plant, Reverse Osmosis Plant and employs its own Police Department.

The primary sources of revenue for Towns in Colorado are sales and use taxes, as is true for Lochbuie. Property taxes are the next largest source of governmental revenues. Other sources of governmental revenue include miscellaneous fees generated through the Town's gas, electric and cable providers and other taxes and fees. The Town also records program-type revenues from court fines and fees, land use and permitting fees, and capital grants and contributions.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$46,545,781 at December 31, 2019.
- Net position of governmental activities increased by \$1,708,649, and net position of business-type activities increased by \$6,690,583.
- Fund balance of the general fund decreased by \$515,300. This decrease was primarily a result of capital outlay related to street and infrastructure improvements.

Other Highlights:

- Building continued in 2 subdivisions within Town limits.
- In 2018 the Town issued \$4,500,000 in Limited Tax Obligation Bonds for the purpose of funding the costs of capital improvements for the Town. Capital outlay for identified projects continued during 2019.

The Town provides its employees with pension and other postemployment benefits (OPEB) through two multiple employer cost-sharing defined benefit pension plans administered by the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees' Retirement Association (PERA). It is important to note that the Town does not currently have to pay the amount shown as the Town's net pension

and OPEB liabilities. The Town's direct liability is limited to the annually required contributions established by the State Legislature. In addition, the Town does not have any control over the investment policies associated with PERA and FPPA investments. These responsibilities lie solely with the PERA and FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Notes 7, 8 and 9 within the Notes to Financial Statements section of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other required supplementary information and 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 Town's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference 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 Town is improving or deteriorating. The reader of the financial statements should also consider other non-financial factors, such as changes in the composition or quality of the Town's sales tax base and perhaps the condition of the Town's infrastructure, to assess the overall health of the Town.

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.

In the *Statement of Net Position* and *Statement of Activities*, the Town is divided into two kinds of activities:

- Governmental activities – most of the Town's basic services are reported here including public safety, public works, municipal court and general administration. Sales and use taxes, property taxes, fees and charges from the court and franchise fees finance most of these activities. Governmental activities of the Town also include the financing, construction of, and maintenance of governmental infrastructure constructed or acquired by the Town during the current year.
- Business-type activities – the Town charges a fee to customers to cover all or most of the cost of certain services it provides.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental or proprietary 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 inflows 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. In particular, *fund balance, whether assigned, committed or unassigned*, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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 the 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*.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the Town's major governmental funds, the General Fund and the Conservation Trust Fund.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the *basic financial statements* to demonstrate compliance with this budget.

Proprietary Funds

The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements, only these statements provide a more detailed level of information. Enterprise funds, a type of proprietary fund, are used to report any activity for which a fee is charged to external users for goods and services. The Town utilizes two enterprise funds to account for water and sewer operations.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, the report also presents certain supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board* and other supplemental information presented for legal compliance and additional analysis.

Government-wide Financial Analysis

At the close of 2019, total net position was \$46,545,781. The largest portion of net position is the investment in capital assets of \$27,933,628 (60% of net position). The amount reflects the investment of all capital assets (e.g. infrastructure, land, buildings and equipment), net of accumulated depreciation, less any debt used to acquire those assets that are still outstanding. The capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate those liabilities.

The following table summarizes the Town's governmental and business-type net position as of December 31, 2019.

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 7,916,057	\$ 15,936,538	\$ 23,852,595
Capital assets	6,587,725	25,619,105	32,206,830
Total assets	14,503,782	41,555,643	56,059,425
Deferred outflows of resources	490,961	294,115	785,076
Current and other liabilities	1,226,570	965,971	2,192,541
Non-current liabilities	5,011,833	2,353,909	7,365,742
Total liabilities	6,238,403	3,319,880	9,558,283
Deferred inflows of resources	740,311	126	740,437
Net position			
Net investment in capital assets	3,726,029	24,207,599	27,933,628
Restricted for emergencies	140,000	-	140,000
Restricted for conservation trust	145,477	-	145,477
Restricted for capital improvements	2,140,736	-	2,140,736
Restricted for bond debt service	-	164,800	164,800
Unrestricted	1,863,787	14,157,353	16,021,140
Total net position	\$ 8,016,029	\$ 38,529,752	\$ 46,545,781

Changes in Net Position

The Town's net position increased by \$8,399,233 in 2019 for governmental and business-type activities.

	For the Year Ended December 31, 2019		
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 1,214,570	\$ 4,271,064	\$ 5,485,634
Operating grants and contributions	71,532	4,976,800	5,048,332
Capital grants and contributions	-	399,800	399,800
General revenues			
Taxes/assessments	3,001,184	-	3,001,184
Interest earnings	29,786	36,630	66,416
Other	991,609	9,508	1,001,117
Total revenues	5,308,681	9,693,802	15,002,483
Expenses			
General government	1,011,267	-	1,011,267
Public safety	1,332,980	-	1,332,980
Public works	900,871	-	900,871
Trash service	354,914	-	354,914
Water	-	1,386,029	1,386,029
Sewer	-	1,617,189	1,617,189
Total expenses	3,600,032	3,003,218	6,603,250
Change in net position	1,708,649	6,690,584	8,399,233
Beginning net position (restated)	6,160,548	31,839,168	37,999,716
Restatement (prior year adjustments)	146,832	-	146,832
Ending net position	\$ 8,016,029	\$ 38,529,752	\$ 46,545,781

	For the Year Ended December 31, 2018		
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 1,551,973	\$ 4,193,044	\$ 5,745,017
Operating grants and contributions	56,894	2,357,546	2,414,440
Capital grants and contributions	-	397,720	397,720
General revenues			
Taxes/assessments	2,660,032	-	2,660,032
Interest earnings	23,000	32,466	55,466
Other	489,671	22,075	511,746
Total revenues	<u>4,781,570</u>	<u>7,022,851</u>	<u>11,784,421</u>
Expenses			
General government	1,060,282	-	1,060,282
Settlement payment (Note 11)	1,356,014	-	1,356,014
Public safety	1,131,959	-	1,131,959
Public works	633,560	-	633,560
Trash service	299,426	-	299,426
Water	-	1,338,555	1,338,555
Sewer	-	2,351,763	2,351,763
Total expenses	<u>4,481,241</u>	<u>3,690,318</u>	<u>8,171,559</u>
Change in net position	300,329	3,312,533	3,612,862
Beginning net position (restated)	<u>5,860,219</u>	<u>28,526,636</u>	<u>34,386,855</u>
Ending net position	<u>\$ 6,160,548</u>	<u>\$ 31,839,169</u>	<u>\$37,999,717</u>

Governmental Activities

Governmental activities increased Lochbuie's net position by \$1,708,649. The increase in revenue from 2018 to 2019 of \$527,111 (11%) was a result of increases in property and sales and use tax revenue. Expenses (government-wide) decreased by \$881,209, or 20%, from 2018 to 2019, primarily due to a 2018 non-recurring payment to a District for previously collected fees.

Business-type Activities

Business-type activities for the year resulted in an increase of net position by \$6,690,584. Charges for services and other operating-related revenue increased from 2018 to 2019 by approximately \$2,697,274, or 41%. During 2019 the Town received \$3,220,000 from an escrow account established in connection with the Beebe Draw Wastewater Service Agreement (see Note 12).

Governmental Funds

As of the end of 2019, the Town's governmental funds reported a combined ending fund balance of \$6,432,867.

The Town has two major governmental funds. They are the General and Conservation Trust Funds.

The General Fund is the primary operating fund for the Town of Lochbuie and reports a fund balance of \$6,287,390 as of December 31, 2019. General Fund departments consist of Legislative, Administration, Police, Judicial and Public Works. Approximately 34% of the balance is the result of remaining unspent bond proceeds. Remaining proceeds will be utilized for capital improvements.

The Conservation Trust Fund had a total fund balance at the end of 2019 of \$145,477. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment.

Proprietary Fund

The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements in more detail.

Capital Asset and Debt Administration

Capital Assets

The Town of Lochbuie's net investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounted to \$27,933,628. The investment in capital assets includes land, buildings, building improvements, and equipment and infrastructure, net of accumulated depreciation and related debt.

Long Term Debt

At the end of 2019, total bonded debt outstanding was \$6,235,000. This debt represents \$4,845,000 related to general governmental obligation bonds and \$1,390,000 related to bonds secured solely by specific revenue sources (i.e., revenue bonds).

Economic Factors and Next Year's Budget and Rates

Beginning in 2001, the voters of Lochbuie endorsed an aggressive growth policy by approving General Fund debt for certain capital improvements. The debt was to be repaid through *ad valorem* taxes on an increasing number of residences.

The Budget for 2019 included these important features:

- Continuation of water and waste water maintenance and improvement projects

- Continuation of expanded street improvement program

- Public park improvements

Administrative Services

Town Administrator – The Town Administrator serves at the pleasure of the Board of Trustees. The Administrator is charged with ensuring that policies of the Board of Trustees are implemented and functions as the Chief of Staff for the Town Departments as well as serving as the Director of Public Safety, Building Official and Town Attorney liaison.

Town Clerk – The Town Clerk is the custodian of all the Town records, makes a record of Town Board meetings, and fulfills all the statutory duties of a Town Clerk and works as the Office Manager. They serve as an advisor to the Town Administrator and to the Board of Trustees. The Clerk oversees the Human Resources Department. This department maintains personnel records. The Clerk supervises the Court System and the Utility Billing System.

Town Treasurer - The Town Treasurer is responsible for maintaining the financial records of the Town, prepares or causes to be prepared the financial statements of the Town, maintains Town bank accounts and investment accounts, ensures that receivables and payables are transacted properly and advises the Town Administrator and the Board of Trustees as to the financial condition of the Town. The Treasurer oversees the work of the Accounts Payable, Purchasing and Payroll Departments and assists with the annual audit. Currently, the Treasurer is a certified public accountant contracting services to the Town.

Municipal Court – Lochbuie Municipal Court is a court of record. Court is conducted on the 2nd Friday of each month beginning at 8:30 am. Additional sessions of court are conducted as necessary based on case load or extraordinary circumstances. The court is presided over by a judge appointed to a two-year term as a part-time judge. The judge is relieved by an alternate judge in his absence. The judge is assisted by a Court Clerk, whose job is part-time. The person who serves as the Court Clerk also serves as Police Clerk and Assistant Town Clerk. When Court is in session a bailiff is provided by the police department. One or more of the Administrative staff members assist in court sessions in various duties to assist the Clerk, the prosecutor and the judge. The Town employs a law firm to serve as prosecutors. Translation services are routinely provided by a part-time translator and by bi-lingual, Spanish-speaking staff members.

Building Department – The Building Department manages the construction activities in the Town including infrastructure inspections, building permits, building inspections and utility installation. The department also includes the planning commission whose activities include review of all proposed development, proposed zoning changes, master plan development and review, parks and recreation planning, traffic planning and general municipal engineering matters. The majority of the Department's functions are contracted out to qualified contractors. The Planning Commission meets as required and the staff and contractors supports the commission activities.

Public Works – The Public Works Operations Manager supervises the Public Works Department. The department manages all water, waste water, storm water, streets and parks functions. The operation of the water and waste water facilities and all required services for the operation thereof are managed by an Operator in Responsible Charge (ORC).

Police – The Police Department is staffed by a full-time Chief, eight patrol officers and a full-time clerk. The Town employs a community service officer to perform code enforcement and animal control functions for the Town.

Fire Protection – Fire protection is provided by the Hudson Fire Protection District in part of the Town and the Greater Brighton Fire Protection District in part. Hudson is an all-volunteer department while Brighton is a combination paid-volunteer department.

Emergency Medical Services – Ambulance service is provided by Platte Valley Ambulance, based at Brighton's Platte Valley Medical Center and secondary EMS transport is provided by Weld County Paramedics. The ambulance is supported by the appropriate fire department.

Trash Service – Solid waste management is provided by the Town through a contract trash hauling company. Fees for this service are collected with the utility bills.

Request for Information

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

Steve Stamey
Town Administrator
Town of Lochbuie
703 WCR 37
Lochbuie, CO 80603

Roster of Town Officials

Appointed Officials

Steve Stamey – Town Administrator
Linda Blackston – Town Clerk

Elected Officials

Jacob Lofgren – Mayor
David Ott – Mayor Pro Tem
Grant Doherty – Trustee
Gary Counterman – Trustee
Mike Morris – Trustee
Larry Strock – Trustee
Jamie Jeffery - Trustee

BASIC FINANCIAL STATEMENTS

Town of Lochbuie, Colorado
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 4,441,091	\$ 15,408,655	\$ 19,849,746
Cash and investments - restricted	2,427,741	164,800	2,592,541
Accounts receivable	275,799	363,083	638,882
Property taxes receivable	771,426	-	771,426
Total current assets	7,916,057	15,936,538	23,852,595
Capital Assets			
Nondepreciable	2,636,519	4,721,559	7,358,078
Depreciable, net	3,951,206	20,897,546	24,848,752
Total capital assets	6,587,725	25,619,105	32,206,830
Total assets	14,503,782	41,555,643	56,059,425
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	485,387	275,453	760,840
OPEB related deferred outflow	5,574	18,662	24,236
Total deferred outflows of resources	490,961	294,115	785,076
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	763,756	825,742	1,589,498
Accrued interest payable	14,151	2,482	16,633
Compensated absences	25,731	10,596	36,327
Current portion - bonds	422,932	127,151	550,083
Total current liabilities	1,226,570	965,971	2,192,541
Long-Term Liabilities			
Net pension liability	407,618	986,811	1,394,429
Net OPEB liability	24,715	82,743	107,458
Bonds payable	4,579,500	1,284,355	5,863,855
Total long-term liabilities	5,011,833	2,353,909	7,365,742
Total liabilities	6,238,403	3,319,880	9,558,283
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	719,434	-	719,434
Pension related deferred inflow	20,839	-	20,839
OPEB related deferred inflow	38	126	164
Total deferred inflows of resources	740,311	126	740,437
NET POSITION			
Net investment in capital assets	3,726,029	24,207,599	27,933,628
Restricted			
Emergency reserves	140,000	-	140,000
Conservation trust	145,477	-	145,477
Capital improvements	2,140,736	-	2,140,736
Bond debt service	-	164,800	164,800
Unrestricted	1,863,787	14,157,353	16,021,141
Total net position	\$ 8,016,029	\$ 38,529,752	\$ 46,545,781

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue		Capital Grants and Contributions	Primary Government		
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government - Legislative	\$ 52,301	\$ -	\$ -	\$ -	\$ (52,301)	\$ -	\$ (52,301)
General government - Judicial	16,534	-	-	-	(16,534)	-	(16,534)
General government - Administrative	942,432	730,641	-	-	(211,791)	-	(211,791)
Public safety - Police	1,332,980	106,731	-	-	(1,226,249)	-	(1,226,249)
Public works - Streets	680,144	-	-	-	(680,144)	-	(680,144)
Public works - Parks	59,536	-	71,532	-	11,996	-	11,996
Trash service	354,914	377,198	-	-	22,284	-	22,284
Interest on long-term debt and related costs	161,191	-	-	-	(161,191)	-	(161,191)
Total governmental activities	<u>3,600,032</u>	<u>1,214,570</u>	<u>71,532</u>	<u>-</u>	<u>(2,313,930)</u>	<u>-</u>	<u>(2,313,930)</u>
Business-type activities							
Water operations	1,386,029	2,444,139	1,160,523	-	-	2,218,633	2,218,633
Sewer operations	1,617,189	1,826,925	3,816,277	399,800	-	4,425,813	4,425,813
Total business-type activities	<u>\$ 3,003,218</u>	<u>\$ 4,271,064</u>	<u>\$ 4,976,800</u>	<u>\$ 399,800</u>	<u>-</u>	<u>6,644,446</u>	<u>6,644,446</u>
General revenues:							
Taxes:							
Property taxes					700,656	-	700,656
Specific ownership taxes					47,036	-	47,036
Sales and use tax					1,757,698	-	1,757,698
Franchise taxes					187,324	-	187,324
Highway user taxes					248,264	-	248,264
Other taxes					60,206	-	60,206
Interest income					29,786	36,630	66,416
Other					991,609	9,508	1,001,117
Total general revenues					<u>4,022,579</u>	<u>46,138</u>	<u>4,068,717</u>
Change in net position					1,708,649	6,690,584	8,399,233
Net position - beginning, restated					6,307,380	31,839,168	38,146,548
Net position- ending					<u>\$ 8,016,029</u>	<u>\$ 38,529,752</u>	<u>\$ 46,545,781</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General Fund	Conservation Trust	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,441,091	\$ -	\$ 4,441,091
Cash and cash equivalents- restricted	2,280,736	147,005	2,427,741
Accounts receivable	275,799	-	275,799
Property taxes receivable	771,426	-	771,426
Total assets	7,769,052	147,005	7,916,057
LIABILITIES			
Accounts payable and payroll liabilities	762,228	1,528	763,756
Total liabilities	762,228	1,528	763,756
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	719,434	-	719,434
Total deferred inflows of resources	719,434	-	719,434
FUND BALANCES			
Restricted for:			
Emergencies	140,000	-	140,000
Conservation trust	-	145,477	145,477
Capital improvements	2,140,736	-	2,140,736
Committed for:			
School building	391,922	-	391,922
Assigned for:			
Insurance deductible	32,497	-	32,497
Unassigned	3,582,235	-	3,582,235
Total fund balances	6,287,390	145,477	6,432,867
Total liabilities, deferred inflows of resources and fund balances	\$ 7,769,052	\$ 147,005	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net position, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.	
Cost of capital assets, net of accumulated depreciation	6,587,725
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds.	
Deferred outflows- pension plan	485,387
Deferred inflows- pension plan	(20,839)
Deferred outflows- OPEB	5,574
Deferred inflows- OPEB	(38)
Long-term liabilities, including retirement of debt, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(14,151)
Compensated absences	(25,731)
Net pension liability	(407,618)
Net OPEB liability	(24,715)
Bonds payable, net	(5,002,432)
Net position of governmental activities	\$ 8,016,029

The accompanying Notes of the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Conservation Trust</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 700,656	\$ -	\$ 700,656
Specific ownership taxes	47,036	-	47,036
Sales and use taxes	1,757,698	-	1,757,698
Franchise taxes	187,324	-	187,324
Highway user taxes	248,264	-	248,264
Other taxes	60,206	-	60,206
Intergovernmental	-	71,532	71,532
Licenses, permits and fees	730,641	-	730,641
Fines and forfeitures	106,731	-	106,731
Interest earned	26,204	3,582	29,786
Trash service	377,198	-	377,198
Other revenue	991,609	-	991,609
Total revenues	<u>5,233,567</u>	<u>75,114</u>	<u>5,308,681</u>
EXPENDITURES			
General and Operating:			
General government - Legislative	52,301	-	52,301
General government - Judicial	16,534	-	16,534
General government - Administration	1,044,867	-	1,044,867
Public safety - Police	1,305,852	-	1,305,852
Public works - Streets	582,764	-	582,764
Public works - Parks	-	39,958	39,958
Trash services	354,914	-	354,914
Debt Service:			
Principal	400,000	-	400,000
Interest and other charges	175,069	-	175,069
Capital Outlay	1,816,566	-	1,816,566
Total expenditures	<u>5,748,867</u>	<u>39,958</u>	<u>5,788,825</u>
Net change in fund balances	(515,300)	35,156	(480,144)
Fund balances - beginning, restated	<u>6,802,690</u>	<u>110,321</u>	<u>6,913,011</u>
Fund balances - ending	<u>\$ 6,287,390</u>	<u>\$ 145,477</u>	<u>\$ 6,432,867</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds: \$ (480,144)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(233,872)
Capital outlay	1,816,566

The repayment of long-term debt (e.g. bonds, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	400,000
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Proceeds from long-term debt (e.g. bonds, leases) is a revenue source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	-
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest payable - change	805
Net pension liability and related amounts - change	187,047
Net OPEB liability and related amounts - change	5,174
Bond premium amortization	13,073
Change in net position of governmental activities	1,708,649

Town of Lochbuie, Colorado

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 699,811	\$ 700,656	\$ 845
General sales and use taxes	1,080,000	1,757,698	677,698
Franchise taxes	166,800	187,324	20,524
Specific ownership tax	25,000	47,036	22,036
Intergovernmental			
Highway user tax	188,966	248,264	59,298
Motor vehicle tax	20,000	27,126	7,126
Others	700	33,080	32,380
Licenses and permits			
Building permits	400,000	362,175	(37,825)
General business licenses	12,750	16,788	4,038
Animal licenses	900	950	50
Public right of way permit	50,000	5,469	(44,531)
Fees			
School contribution fees	150,000	138,370	(11,630)
Plan review fees	20,000	31,157	11,157
Administrative fees and services	30,000	51,450	21,450
Infrastructure fees	40,000	46,499	6,499
Interstate exchange fees	61,000	68,144	7,144
Inspection fees	200	(293)	(493)
Energy impact fees	40,000	-	(40,000)
Other fees	7,380	9,932	2,552
Fines and forfeitures	66,850	106,731	39,881
Grants	502,700	-	(502,700)
Interest earned	5,000	26,204	21,204
Trash service revenues	300,000	377,198	77,198
Other income	450,148	991,609	541,461
Total revenues	<u>4,318,205</u>	<u>5,233,567</u>	<u>915,362</u>
Expenditures			
General government - Legislative	84,916	52,301	32,615
General government - Judicial	25,812	16,534	9,278
General government - Administration	1,313,976	1,044,867	269,109
Public safety - Police	1,391,484	1,305,852	85,632
Public works - Streets	797,205	582,764	214,441
Trash services	300,000	354,914	(54,914)
Debt Service			
Principal	400,000	400,000	-
Interest and other charges	175,069	175,069	-
Capital Outlay	4,012,812	1,816,566	2,196,246
Total expenditures	<u>8,501,274</u>	<u>5,748,867</u>	<u>2,752,407</u>
Change in fund balance	<u>(4,183,069)</u>	<u>(515,300)</u>	<u>3,667,769</u>
Fund balance - beginning of year, restated	<u>7,347,649</u>	<u>6,802,690</u>	<u>(544,959)</u>
Fund balance- end of year	<u>\$ 3,164,580</u>	<u>\$ 6,287,390</u>	<u>\$ 3,122,810</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF NET POSITION
ENTERPRISE FUNDS**

December 31, 2019

	Water	Sewer	Total
ASSETS			
Current Assets			
Cash and investments	\$ 9,923,466	\$ 5,485,189	\$ 15,408,655
Cash and investments - restricted	164,800	-	164,800
Accounts receivable	161,731	201,352	363,083
Total current assets	10,249,997	5,686,541	15,936,538
Capital Assets			
Nondepreciable	4,096,002	625,557	4,721,559
Depreciable, net	6,414,867	14,482,679	20,897,546
Total capital assets	10,510,869	15,108,236	25,619,105
Total assets	20,760,866	20,794,777	41,555,643
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	139,515	135,938	275,453
OPEB related deferred outflow	9,452	9,210	18,662
Total deferred outflows of resources	148,967	145,148	294,115
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	445,044	380,698	825,742
Accrued interest payable	2,482	-	2,482
Compensated absences	5,298	5,298	10,596
Current portion - bonds	127,151	-	127,151
Total current liabilities	579,975	385,996	965,971
Long-Term Liabilities			
Net pension liability	499,813	486,998	986,811
Net OPEB liability	41,909	40,834	82,743
Bonds payable	1,284,355	-	1,284,355
Total long-term liabilities	1,826,077	527,832	2,353,909
Total liabilities	2,406,052	913,828	3,319,880
DEFERRED INFLOWS OF RESOURCES			
OPEB related deferred inflow	64	62	126
Total deferred inflows of resources	64	62	126
NET POSITION			
Net investment in capital assets	9,099,363	15,108,236	24,207,599
Restricted for bond debt service	164,800	-	164,800
Unrestricted	9,239,554	4,917,799	14,157,353
Total net position	\$ 18,503,717	\$ 20,026,035	\$ 38,529,752

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS**

For the Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,355,232	\$ 938,159	\$ 3,293,391
Other	88,907	888,766	977,673
Total operating revenues	<u>2,444,139</u>	<u>1,826,925</u>	<u>4,271,064</u>
OPERATING EXPENSES			
Operating expenses	514,435	736,436	1,250,871
Administrative expenses	598,210	355,608	953,818
Depreciation	234,347	289,295	523,642
Total operating expenses	<u>1,346,992</u>	<u>1,381,339</u>	<u>2,728,331</u>
OPERATING INCOME (LOSS)	<u>1,097,147</u>	<u>445,586</u>	<u>1,542,733</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	21,585	15,045	36,630
Other non-operating income	9,508	-	9,508
Payments to other governments	-	(235,850)	(235,850)
Grant income	-	399,800	399,800
Interest expense	(39,037)	-	(39,037)
Total nonoperating revenues (expenses)	<u>(7,944)</u>	<u>178,995</u>	<u>171,051</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>1,089,203</u>	<u>624,581</u>	<u>1,713,784</u>
CAPITAL CONTRIBUTIONS			
Tap Fees/PIFs	<u>1,160,523</u>	<u>3,816,277</u>	<u>4,976,800</u>
CHANGE IN NET POSITION	2,249,726	4,440,858	6,690,584
NET POSITION - beginning of the year	16,253,991	15,585,177	31,839,168
NET POSITION - end of the year	<u>\$ 18,503,717</u>	<u>\$ 20,026,035</u>	<u>\$ 38,529,752</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS**

For the Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,418,614	\$ 2,171,885	\$ 4,590,499
Payments to suppliers for goods and services	(531,292)	(1,540,418)	(2,071,710)
Payments to and on behalf of employees	(243,652)	(233,484)	(477,136)
Net cash provided (used) by operating activities	<u>1,643,670</u>	<u>397,983</u>	<u>2,041,653</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tap fees/PIFS	1,160,523	3,816,277	4,976,800
Grant receipts	-	399,800	399,800
Payments to other governments	-	(235,850)	(235,850)
Acquisition of capital assets	(677,233)	(2,580,970)	(3,258,203)
Principal payments	(120,000)	-	(120,000)
Interest paid on debt	(41,189)	-	(41,189)
Net cash provided (used) by capital and related financing activities	<u>322,101</u>	<u>1,399,257</u>	<u>1,721,358</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Other income	9,508	-	9,508
Interest earnings received	21,585	15,045	36,630
Net cash provided (used) by investing activities	<u>31,093</u>	<u>15,045</u>	<u>46,138</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,996,864	1,812,285	3,809,149
CASH AND CASH EQUIVALENTS - beginning of year	<u>8,091,402</u>	<u>3,672,904</u>	<u>11,764,306</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 10,088,266</u>	<u>\$ 5,485,189</u>	<u>\$ 15,573,455</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,097,147	\$ 445,586	\$ 1,542,733
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	234,347	289,295	523,642
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(25,525)	344,960	319,435
Prepaid expenses	393	393	786
Increase (decrease) in:			
Accounts payable and other liabilities used for operations	338,172	(681,294)	(343,122)
Accrued absences	(864)	(957)	(1,821)
Net cash provided (used) by operating activities	<u>\$ 1,643,670</u>	<u>\$ 397,983</u>	<u>\$ 2,041,653</u>
Cash and cash equivalents	\$ 9,923,466	\$ 5,485,189	\$ 15,408,655
Restricted cash and cash equivalents	<u>164,800</u>	<u>-</u>	<u>164,800</u>
Total cash and cash equivalents	<u>\$ 10,088,266</u>	<u>\$ 5,485,189</u>	<u>\$ 15,573,455</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Note 1 Definition of reporting entity

The Town was organized as a statutory Town in Colorado by court order in 1974. The Town provides general government, public works (roads and streets), police, water, and sewer for the geographical area organized as the Town.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Note 2 Summary of significant accounting policies

The more significant accounting policies of the Town are described as follows:

Government-wide and fund financial statements

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

The statement of net position reports all financial and capital resources of the Town. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the Town is reported as net position.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemptions of bonds are recorded as a reduction in liabilities.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted or in another fund, which include the following departments: Legislative, Judicial, Administrative, Public Safety-Police, and Public Works.

Conservation Trust Fund – The Conservation Trust Fund accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

Sewer Fund – The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

Proprietary funds are used to account for ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions. Tap fees and plant investment fees are generally recorded as capital contributions when received.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash. Investments are carried at fair value.

Cash Equivalents

For the purpose of the statement of cash flows of the proprietary funds, cash and cash equivalents include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

<u>Asset Class</u>	<u>Dollar Value</u>
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	\$ 5,000
Furniture and Equipment	\$ 5,000
Infrastructure	\$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 - 35 years
Furniture and Equipment	5 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Compensated absences

It is the Town's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. These benefits accrue together as Paid Time Off (PTO). PTO accrues to a maximum of 180 hours, depending on length of employment. Compensated absences are recorded as current salary cost when paid in government funds, and is accrued in the enterprise fund.

Property taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has certain items that relate to its pension and other post employment benefit plans that qualify for reporting in this category. Accordingly, these items are deferred and will be recognized as an outflow of resources in the period the resource is required for use.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has certain items that relate to its pension and other post employment benefits and property tax revenue that qualify for this category. Accordingly, these items are deferred and will be recognized as an inflow of resources in the period that the amount becomes available.

Pensions

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). In addition the Town participates in the Statewide Defined Benefit Plan (SWDB), a cost sharing multi-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment benefits other than pensions (OPEB)

The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the PERA. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the Town, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is \$-0-.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Town's Board of Trustees.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town's Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

At December 31, 2019, the Town had \$140,000 restricted by legislation (for emergencies), \$2,140,736 restricted by bondholders and \$145,477 restricted for parks and recreation (Conservation Trust).

At December 31, 2019, the Town had \$391,922 committed for a future school building and \$32,497 assigned for the Town's insurance deductible.

The remaining fund balance is considered by the Town to be unassigned. At December 31, 2019, the Town had an unassigned fund balance in the general fund of \$3,582,235.

Budgets

In accordance with the State Budget Law, the Town's Board of Trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that the Town's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2019 Statement of Net Position as follows:

Cash and investments	\$ 19,849,746
Cash and investments-restricted	<u>2,592,541</u>
Total cash and investments	<u>\$ 22,442,287</u>

Cash and investments as of December 31, 2019 consist of the following:

Cash on hand	\$ 1,295
Deposits with financial institutions	20,750,037
Investments	<u>1,690,955</u>
Total cash and investments	<u>\$ 22,442,287</u>

At December 31, 2019, the Town's cash deposits had bank balances of \$20,830,815 and carrying balances of \$20,750,037.

Deposits with financial institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2019, the federal insurance limit was \$250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2019, the Town's bank balances and carrying balances were insured or collateralized as follows:

Bank balances		
Federally insured	\$	495,582
Collateralized		20,335,233
Total bank balances	\$	20,830,815
Carrying balances		
Federally insured	\$	496,979
Collateralized		20,253,058
Total carrying balances	\$	20,750,037

Investments

The Town did not have an approved investment policy during 2019 but adopted state statute regarding investments.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2019, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 1,690,955

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted cash and investments

As of December 31, 2019, cash is restricted as follows:

Restriction	Amount
Series 2012 Water Revenue Refunding and Improvement Bonds reserve	\$ 164,800
Proceeds from 2018 Limited Tax G.O. Bonds restricted for use on capital projects	2,140,736
Conservation trust proceeds restricted for parks and recreation expenditures	147,005
Emergency reserves required by legislation (see Note 13)	140,000
Total	<u>\$ 2,592,541</u>

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 4 Capital assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2019</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 116,698	\$ -	\$ -	\$ 116,698
Construction in process	741,559	1,778,262	-	2,519,821
Total capital assets, not being depreciated	<u>858,257</u>	<u>1,778,262</u>	<u>-</u>	<u>2,636,519</u>
Capital assets being depreciated				
Buildings	2,742,146	-	-	2,742,146
Parks	391,555	-	-	391,555
Streets	2,714,043	-	-	2,714,043
Infrastructure	166,944	-	-	166,944
Equipment	1,109,271	38,304	-	1,147,575
Total capital assets being depreciated	<u>7,123,959</u>	<u>38,304</u>	<u>-</u>	<u>7,162,263</u>
Less accumulated depreciations for				
Buildings	255,566	65,822	-	321,388
Parks	257,265	19,578	-	276,843
Streets	1,424,871	90,468	-	1,515,339
Infrastructure	96,571	5,565	-	102,136
Equipment	942,912	52,439	-	995,351
Total accumulated depreciation	<u>2,977,185</u>	<u>233,872</u>	<u>-</u>	<u>3,211,057</u>
Total capital assets being depreciated, net	<u>4,146,774</u>	<u>(195,568)</u>	<u>-</u>	<u>3,951,206</u>
Capital assets, net	<u>\$ 5,005,031</u>	<u>\$1,582,694</u>	<u>\$ -</u>	<u>\$ 6,587,725</u>

Depreciation expense of governmental activities were charged to the following functions:

<u>Function</u>	<u>Amount</u>
General government - administrative	\$ 89,786
Public safety - police	27,128
Public works - streets	97,380
Public works - parks	19,578
	<u>\$ 233,872</u>

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

	Balance at December 31, 2018	Additions	Deletions	Balance at December 31, 2019
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 318,851	\$ -	\$ -	\$ 318,851
Water rights	509,688	-	-	509,688
Construction in progress	5,039,896	1,016,580	2,163,454	3,893,022
Total capital assets, not being depreciated	5,868,435	1,016,580	2,163,454	4,721,559
Capital assets being depreciated				
Building improvements	30,112	-	-	30,112
Building	2,227,640	-	-	2,227,640
Plant	16,858,794	4,355,529	-	21,214,323
Line and connections	3,967,904	22,980	-	3,990,884
Equipment	630,743	26,567	-	657,310
Meters	58,256	-	-	58,256
Vehicles	21,371	-	-	21,371
Total capital assets being depreciated	23,794,820	4,405,076	-	28,199,896
Less accumulated depreciations for				
Building improvements	26,786	1,330	-	28,116
Building	141,461	57,119	-	198,580
Plant	4,664,384	339,660	-	5,004,044
Line and connections	1,340,696	121,817	-	1,462,513
Equipment	540,469	446	-	540,915
Meters	58,256	-	-	58,256
Vehicles	6,658	3,270	-	9,928
Total accumulated depreciation	6,778,710	523,642	-	7,302,352
Total capital assets being depreciated, net	17,016,110	3,881,434	-	20,897,546
Capital assets, net	\$ 22,884,545	\$4,898,014	\$2,163,454	\$ 25,619,105

Depreciation expense of business type activities were charged to the following functions:

Function	Amount
Water operations	\$ 234,347
Sewer operations	289,295
	\$ 523,642

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 5 Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
<u>Governmental activities</u>					
2012 G. O. Refunding Bonds	\$ 945,000	\$ -	\$ 225,000	\$ 720,000	\$ 235,000
Bond premium	9,949	-	5,045	4,904	4,904
2018 Limited Tax G.O. Bonds	4,300,000	-	175,000	4,125,000	175,000
Bond premium	160,556	-	8,028	152,528	8,028
	<u>5,415,505</u>	<u>-</u>	<u>413,073</u>	<u>5,002,432</u>	<u>422,932</u>
<u>Business-type activities</u>					
Revenue bonds					
2012 Water	1,510,000	-	120,000	1,390,000	125,000
Bond premium	23,657	-	2,151	21,506	2,151
	<u>\$ 1,533,657</u>	<u>\$ -</u>	<u>\$ 122,151</u>	<u>\$ 1,411,506</u>	<u>\$ 127,151</u>

Bonds Payable

General Obligation Bonds, Series 2018, dated April 18, 2018

The bonds, in the original amount of \$4,500,000, mature on December 1, 2037, and require principal payments due on each December 1 with mandatory sinking fund redemption beginning in 2031. Interest at rates ranging from 3% to 4% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2026 and on any date thereafter, without redemption premium. The bonds were issued to fund general capital projects. As of December 31, 2019, restricted cash of \$2,140,736 remained from bond proceeds for the use of capital improvements.

General Obligation Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of \$2,140,000, mature on December 1, 2022 with annual mandatory sinking fund principal payments due on each December 1. Interest at rates ranging from 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2019 and on any date thereafter, without redemption premium. The bonds were issued to refund the Series 2002 G.O. Bonds.

Water Revenue Refunding Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of \$2,180,000, mature annually on December 1 through December 1, 2029. Interest at the initial and current rate of 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, at any time on and after December 1, 2020, at the redemption price, plus accrued interest. The bonds were issued to refund the Series 1997 and 2007 Revenue and Improvement Bonds.

The bonds require the Town to maintain a reserve in the amount of \$164,800. At December 31, 2019, the cash restricted for the bond reserve was \$164,800.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Debt maturities

The obligations of the governmental activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2020	\$ 410,000	\$ 163,913	\$ 573,913
2021	415,000	152,200	567,200
2022	425,000	139,750	564,750
2023	190,000	127,000	317,000
2024	195,000	121,300	316,300
2025-2029	1,060,000	515,600	1,575,600
2030-2034	1,265,000	330,250	1,595,250
2035-2037	885,000	71,600	956,600
	<u>\$ 4,845,000</u>	<u>\$ 1,621,613</u>	<u>\$ 6,466,613</u>

The obligations of the business-type activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2020	\$ 125,000	\$ 38,788	\$ 163,788
2021	125,000	35,663	160,663
2022	125,000	32,538	157,538
2023	135,000	29,256	164,256
2024	135,000	25,713	160,713
2025-2029	745,000	68,050	813,050
	<u>\$ 1,390,000</u>	<u>\$ 230,008</u>	<u>\$ 1,620,008</u>

Debt authorization

As of December 31, 2019, the Town had no authorized but unissued debt.

Note 6 Net Position

The Town has net position consisting of three components –net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

As of December 31, 2019, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 6,587,725	\$ 25,619,105
Current portion of long-term debt	(422,932)	(127,151)
Long-term debt due in more than one year	(4,579,500)	(1,284,355)
Unspent bond proceeds	2,140,736	-
Net investment in capital assets	\$ 3,726,029	\$ 24,207,599

Restricted position includes net position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2019, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activities
Emergency reserves (see Note 13)	\$ 140,000	\$ -
Conservation trust	145,477	-
Capital improvements	2,140,736	-
Bond debt service (see Note 5)	-	164,800
Restricted net position	\$ 2,426,213	\$ 164,800

As of December 31, 2019, the Town had an unrestricted net position of \$1,863,787 in governmental activities and unrestricted net position in business-type activities of \$14,157,353.

Note 7 State Fire and Police Pension Plan (FPPA)

Plan Description

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) 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. This is a noncontributory plan. All full-time, paid firefighters of the Town 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>.

Description of Benefits

A 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 percent 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 percent for each year of service thereafter. The benefit

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 percent as 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 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

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.

Members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 18.5 percent in 2019. Members of the SWDB plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were \$54,135 for the year ended December 31, 2019.

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

At December 31, 2019, the Town reported a liability of \$112,856 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2018, the Town's proportion was 0.08947 percent, which was a decrease of 0.00128 percent from its proportion measured as of December 31, 2017.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

For the year ended December 31, 2019, the Town recognized pension expense of (\$98,670). At December 31, 2019, the Town 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 actual and expected experience	\$ 145,010	\$ 1,206
Changes of assumptions or other inputs	109,297	-
Net difference between actual and projected earnings on pension plan investments	88,778	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,889	19,633
Contributions subsequent to the measurement date	54,135	-
Total	\$ 403,109	\$ 20,839

\$54,135 in total reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to measurement date will be recognized as a reduction of the net pension liability 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:

Year Ended December 31,	<u>Amount</u>
2020	\$ 62,531
2021	43,998
2022	37,125
2023	62,943
2024	29,454
Thereafter	92,084

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases*	4.25 – 11.25%	4.0 – 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%

*Includes Inflation at 2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disables retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. 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.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of the total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as the purchases of service credit and other benefits were actuarial factors are used.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00%	8.03%
Equity Long/Short	9.00	6.45
Illiquid Alternatives	24.00	10.00
Fixed Income	15.00	2.90
Absolute Return	9.00	5.08
Managed Futures	4.00	5.35
Cash	2.00	2.52
Total	100.00	

Discount rate

The discount rate used to measure the total pension liability was 7.00 percent. 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 FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position 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.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 437,641	\$ 112,856	\$ (156,548)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

Note 8 Fire and Police Pension Association (FPPA) – 457 Plan

Employees of the Town who are members of the FPPA Statewide Defined Benefit Plan may voluntarily contribute to the FPPA 457 Deferred Compensation Plan (FPPA 457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is voluntary, and contributions are separate from others made to FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 1-800-332-FPPA (3772).

The FPPA 457 Plan is funded by voluntary member contributions of up to maximum limit set by the IRS (\$19,000 for 2019). Catch-up contributions of up to \$6,000 are allowed for participants who had attained the age of 50 before the close of the plan year. Plan member contributions to the 457 Plan were \$40,007 for 2019.

Note 9 Defined Benefit Pension Plan – PERA, Non-police staff

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

General Information about the Pension Plan

Plan Description

Eligible employees of the Town 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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

- Highest average salary multiplied by 2.5 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

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 lessor 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 disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions

Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer and § 24-51-413 contribution requirements are summarized in the table below:

	<u>For the Year Ended December 31, 2019</u>
Employer Contribution Rate*	10.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)*	(1.02)%
Amount Apportioned to LGDTF*	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411*	<u>1.50%</u>
Total Employer Contribution Rate to the LGDTF*	12.68%

* Rates 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 Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$87,183 for the year ended December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the Town reported a liability of \$1,281,573 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

At December 31, 2018, the Town's proportion was 0.10194 percent, which was an increase of 0.00548 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized a credit to pension expense of (\$48,894). At December 31, 2019, the Town 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
Difference between Expected and Actual Experience	\$ 53,587	\$ -
Changes of Assumptions of other Inputs	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	166,897	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	50,064	-
Contributions Subsequent to Measurement Date	87,183	-
Total	\$ 357,731	\$ -

\$87,183 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

Year Ended December 31,	Amount
2020	\$ 137,358
2021	32,785
2022	9,300
2023	91,105
2024	-
Thereafter	-

Actuarial assumptions

The December 31, 2017 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 – 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hire Prior to January 1, 2007 and DPS Benefit Structure (Automatic)	2.00% Compounded Annually
PERA Benefit Structure Hire After December 31, 2006 (Ad Hoc, Substantively Automatic)	Finance by the Annual Increase Reserve

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Future Post Retirement Benefit Increases:	
PERA Benefit Structure hired prior to January 1, 2007; and DPS Benefit Structure (Automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect 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.

Healthy, post-retirement mortality assumptions reflect 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.

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

The actuarial assumptions used in the December 31, 2016 valuation 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 PERA's 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 by the investment consultant 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.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42	4.80
Non U.S. Equity – Developed	18.55	5.20
Non U.S. Equity – Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income – Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	<u>100.00</u>	

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

Discount rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including 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 and effective as of the measurement date, including 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

- 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 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% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate

For the years ended December 31, 2019, the following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate for 2019:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net Pension Liability	\$ 1,960,541	\$ 1,281,573	\$ 713,547

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2019

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

Note 10 Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

Plan Description

Eligible employees of the Town are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State Division, School Division, Local Government Division and Judicial Division Trust Funds), 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.

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The 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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Town were \$7,013 for the year ended December 31, 2019.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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

At December 31, 2019, the Town reported a liability of \$107,458 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2018. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Town's proportion was 0.00789% which was an increase of 0.00040% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$4,649. At December 31, 2019, the Town 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
Difference between Expected and Actual Experience	\$ 390	\$ 164
Changes of Assumptions of Other Inputs	754	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	618	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	15,461	-
Contributions Subsequent to Measurement Date	7,013	-
Total	\$ 24,236	\$ 164

\$7,013 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2020	\$ 3,836
2021	3,836
2022	3,836
2023	4,265
2024	1,247
Thereafter	39

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Actuarial assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50% in the aggregate
Long-Term Investment Rate of Return, Net of OPEB Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Health Care Cost Trend Rates:	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	5.00%
Medicare Part A Premiums	3.00% for 2018, gradually rising to 5.00% in 2025

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.

The actuarial assumptions used in the December 31, 2017, 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. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members without Medicare Part A	Premiums for Members without Medicare Part A
Self-funded Medicare Supplement Plans	\$ 736	\$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is \$422 per month.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members without Medicare Part A
Self-funded Medicare Supplement Plans	\$ 289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

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.

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

Town of Lochbuie, Colorado

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

- 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.

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

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

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

The following economic and demographic 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 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four of 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 by the investment consultant 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.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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 are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
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	100.00	

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 percent.

Sensitivity of the Town’s proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Town’s proportionate share of the net OPEB liability, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Medicare Part A Trend Rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A Trend Rate	4.00%	5.00%	6.00%
Proportionate Share of the Net OPEB Liability	\$ 104,491	\$ 107,458	\$ 110,871

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2018, 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

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 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 Town's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Town's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current discount rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	\$ 120,236	\$ 107,458	\$ 96,534

OPEB plan fiduciary net position

Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Note 11 Defined Contribution Plan

The Town offers to employees participation in the Town of Lochbuie Section 457(b) Deferred Compensation Plan (457 Plan), an Internal Revenue Code Section 457 defined contribution plan. Nationwide Life Insurance Company is contracted to manage contributions and maintain participant accounts. Plan participation is voluntary.

The 457 Plan is funded by voluntary member contributions of up to maximum limit set by the IRS (\$19,000 for 2019). Catch-up contributions of up to \$6,000 are allowed for participants who had attained the age of 50 before the close of the plan year. Plan member contributions to the 457 Plan were \$54,789 for 2019.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

Note 12 Intergovernmental Agreements

Beebe Draw Wastewater Service Agreement

Effective August 14, 2009 the Town entered into the First Amended and Restated Beebe Draw Wastewater Service Agreement with the City of Brighton (Brighton) and the South Beebe Draw Metropolitan District (SBDMD). Under the terms of the agreement, the Town will maintain its wastewater treatment plant capacity to serve the Beebe Draw service area to full development. The expansion required to achieve the capacity is funded by special charges in the form of Plant Investment Fees (PIFs) which are to be collected and remitted to an income-producing escrow account. The escrow account is governed by an Escrow Agreement executed by the Town and Brighton. The Town is the owner, operator and manager of the treatment plant. PIFs in the escrow account are for the development, acquisition and construction of future facility expansions to serve property in the Beebe Draw Service Area. During 2019, the Town received \$3,220,000 of PIFs from the escrow account.

Note 13 Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

Note 14 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes the Enterprise funds of the Town qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

Town of Lochbuie, Colorado

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

The Town passed a ballot question on November 5, 1996. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restrictions of Article X, Section 20, of the Colorado Constitution, and spend as a voter-approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services. In 2016, the Town received notification from the State of Colorado Department of Local Affairs that they have determined that the ballot question language is not sufficient to remove the Town from the statutory property revenue tax limitation of 5.5%.

Note 15 Commitments and Contingencies

Construction Commitments

At December 31, 2019 the Town had unexpended construction related commitments in the governmental funds of approximately \$894,000. These projects are expected to be completed in 2020.

Claims and Judgments

The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. 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 Town may be required to reimburse the grantor government. As of December 31, 2019, grant expenditures had not been audited, but the Town believes that any future audits will not discover disallowed expenditures that would have a material effect on any of the individual governmental funds or the overall financial position of the Town.

Note 16 Net Position Restatement/Fund Balance Restatement

For the year ended December 31, 2019, the Town corrected and recognized sales, franchise and highway user tax when earned, instead of received. This change resulted in a restatement of the prior period net position as shown below.

	<u>Governmental Activities</u>	<u>General Fund</u>
December 31, 2018, as Previously Reported	\$ 6,160,548	\$ 6,655,858
Cumulative Effect prior year receivables for sales and franchise taxes	<u>146,832</u>	<u>146,832</u>
December 31, 2018, as Restated	<u>\$ 6,307,380</u>	<u>\$ 6,802,690</u>

Note 17 Subsequent Events

The Town has evaluated subsequent events through May 31, 2020 the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CONSERVATION TRUST FUND

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget - Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 21,000	\$ 71,532	\$ 50,532
Interest earnings	250	3,582	3,332
Total revenues	<u>21,250</u>	<u>75,114</u>	<u>53,864</u>
Expenditures			
Parks, recreation and improvements	<u>48,688</u>	<u>39,958</u>	<u>8,730</u>
Total expenditures	<u>48,688</u>	<u>39,958</u>	<u>8,730</u>
Excess of revenues over (under) expenditures	(27,438)	35,156	62,594
Fund balance - beginning of year	<u>45,848</u>	<u>110,321</u>	<u>64,473</u>
Fund balance - end of year	<u>\$ 18,410</u>	<u>\$ 145,477</u>	<u>\$ 127,067</u>

Town of Lochbuie, Colorado

**Schedule of the Town's Proportionate Share of the Net Pension Liability (FPPA)
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Plan Measurement Date	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Town's Proportion of the Net Pension Liability (Asset)	0.08927%	0.09054%	0.09421%	0.08131%	0.07385%	0.06857%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 112,856	\$ (130,260)	\$ 34,042	\$ (1,433)	\$ (83,344)	\$ (61,317)
Town's Covered Payroll	\$ 676,691	\$ 559,800	\$ 482,150	\$ 393,362	\$ 332,133	\$ 297,842
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	16.7%	(23.3%)	7.1%	(0.4%)	(25.1%)	(20.6%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.2%	106.3%	100.1%	100.1%	106.8%	105.8%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. Information earlier than 2014 was not available.

**Schedule of Town Contributions
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 54,135	\$ 32,494	\$ 44,784	\$ 38,572	\$ 31,534	\$ 26,571	\$ 23,827
Contributions in Relation to the Contractually Required Contribution	54,135	32,494	44,784	38,572	31,534	26,571	23,827
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 676,691	\$ 406,175	\$ 559,800	\$ 482,150	\$ 393,262	\$ 332,133	\$ 297,842
Contributions as a Percentage of Covered Payroll	8%	8%	8%	8%	8%	8%	8%

Town of Lochbuie, Colorado

**Schedule of the Town's Proportionate Share of the Net Pension Liability (PERA)
Last Ten Fiscal Years**

Fiscal Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Plan Measurement Date	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
(Entity)'s Proportion of the Net Pension Liability	0.10194%	0.09646%	0.08113%	0.06695%	0.05878%	0.06416%
(Entity)'s Proportionate Share of the Net Pension Liability	\$ 1,281,573	\$ 1,073,973	\$ 1,095,488	\$ 737,491	\$ 526,867	\$ 527,985
(Entity)'s Covered Payroll	\$ 578,304	\$ 550,481	\$ 594,660	\$ 457,823	\$ 351,416	\$ 322,098
(Entity)'s Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	221.6%	195.1%	184.2%	161.1%	149.9%	163.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	79.37%	73.60%	76.90%	80.70%	77.66%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

**Schedule of Town Contributions
Last Ten Fiscal Years**

Fiscal Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 87,183	\$ 73,329	\$ 69,801	\$ 75,403	\$ 58,052	\$ 44,559	\$ 40,842
Contributions in Relation to the Contractually Required Contribution	<u>87,183</u>	<u>73,329</u>	<u>69,801</u>	<u>75,403</u>	<u>58,052</u>	<u>44,559</u>	<u>40,842</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 687,567</u>	\$ 578,304	\$ 550,481	\$ 594,660	\$ 457,823	\$ 351,416	\$ 322,098
Contributions as a Percentage of Covered Payroll	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

Town of Lochbuie, Colorado

**Schedule of the Town's Proportionate Share of the Net OPEB Liability (PERA)
Last Ten Fiscal Years**

Fiscal Year	<u>2019</u>	<u>2018</u>	<u>2017</u>
Plan Measurement Date	December 31, 2018	December 31, 2017	December 31, 2016
(Entity)'s Proportion (Percentage) of the Collective Net OPEB Liability	0.0078981950%	0.0074951007%	0.0062275787%
(Entity)'s Proportionate Share of the Collective Net OPEB Liability	\$ 107,458	\$ 97,406	\$ 80,743
Covered payroll	\$ 578,304	\$ 550,481	\$ 594,660
(Entity)'s Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	18.58%	17.69%	13.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

**Schedule of Town Contributions
Last Ten Fiscal Years**

Fiscal Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 7,013	\$ 5,903	\$ 6,207	\$ 6,065
Contributions in Relation to the Contractually Required Contribution	<u>\$ 7,013</u>	<u>\$ 5,903</u>	<u>\$ 6,207</u>	<u>\$ 6,065</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(Entity)'s Covered Payroll	\$ 687,567	\$ 578,304	\$ 550,481	\$ 594,660
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.13%	1.02%

SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - WATER**

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	\$ 2,150,200	\$ 2,355,232	\$ 205,032
Other operating	200,000	88,907	(111,093)
System development fees	1,263,600	1,160,523	(103,077)
Interest earnings	10,000	21,585	11,585
Other revenue	17,000	9,508	(7,492)
Total revenues	3,640,800	3,635,755	(5,045)
Expenditures			
Operations	934,622	514,435	420,187
Administrative and general	875,769	598,210	277,559
Capital outlay	784,600	677,233	107,367
Debt service	161,188	159,037	2,151
Total expenditures	2,756,179	1,948,915	807,264
Changes in fund balance	884,621	1,686,840	802,219
Funds available - beginning of year	10,753,197	7,754,576	(2,998,621)
Funds available - end of year	\$ 11,637,818	\$ 9,441,416	\$ (2,196,402)

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Revenues (budgetary basis)	<u>\$ 3,635,755</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>3,635,755</u>
Expenditures (budgetary basis)	1,948,915
Depreciation	234,347
Principal payments of debt	(120,000)
Capital outlay	<u>(677,233)</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,386,029</u>
Change in net assets per Statement of Revenues, Expenses and Changes in Position	<u>\$ 2,249,726</u>

Town of Lochbuie, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - SEWER

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,515,000	\$ 938,159	\$ (576,841)
Other operating	260,000	888,766	628,766
Tap and plant investment fees	1,089,600	3,816,277	2,726,677
Grant revenue	800,000	399,800	(400,200)
Interest earnings	-	15,045	15,045
Other revenue	400	-	(400)
Total revenues	<u>3,665,000</u>	<u>6,058,047</u>	<u>2,393,047</u>
Expenditures			
Operations	1,167,992	736,436	431,556
Administrative and general	509,319	355,608	153,711
Capital outlay	3,525,000	2,580,970	944,030
Payments to other governments	-	235,850	(235,850)
Total expenditures	<u>5,202,311</u>	<u>3,908,864</u>	<u>1,293,447</u>
Excess of revenues over expenditures	(1,537,311)	2,149,183	3,686,494
Funds available - beginning of year	<u>15,367,361</u>	<u>3,907,087</u>	<u>(11,460,274)</u>
Funds available - end of year	<u>\$ 13,830,050</u>	<u>\$ 6,056,270</u>	<u>\$ (7,773,780)</u>

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Revenues (budgetary basis)	\$ 6,058,047
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>6,058,047</u>
Expenditures (budgetary basis)	3,908,864
Depreciation	289,295
Capital outlay	(2,580,970)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>1,617,189</u>
Change in net assets per Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 4,440,858</u>

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2019

Year Ended December 31,	\$2,140,000 General Obligation Bonds, Series 2012 Principal Due December 1, Interest Rate 2% to 3% Payable June 1 and December 1			\$4,500,000 Limited Tax General Obligation Bonds, Series 2018 Principal Due December 1 Interest Rate 2% to 4% Payable June 1 and December 1		
	Principal	Interest	Total	Principal	Interest	Total
	2020	\$ 235,000	\$ 21,013	\$ 256,013	\$ 175,000	\$ 142,900
2021	240,000	14,550	254,550	175,000	137,650	312,650
2022	245,000	7,350	252,350	180,000	132,400	312,400
2023	-	-	-	190,000	127,000	317,000
2024	-	-	-	195,000	121,300	316,300
2025	-	-	-	200,000	115,450	315,450
2026	-	-	-	205,000	109,450	314,450
2027	-	-	-	210,000	103,300	313,300
2028	-	-	-	220,000	97,000	317,000
2029	-	-	-	225,000	90,400	315,400
2030	-	-	-	235,000	83,650	318,650
2031	-	-	-	245,000	76,600	321,600
2032	-	-	-	250,000	66,800	316,800
2033	-	-	-	260,000	56,800	316,800
2034	-	-	-	275,000	46,400	321,400
2035	-	-	-	285,000	35,400	320,400
2036	-	-	-	295,000	24,000	319,000
2037	-	-	-	305,000	12,200	317,200
	<u>\$ 720,000</u>	<u>\$ 42,913</u>	<u>\$ 762,913</u>	<u>\$ 4,125,000</u>	<u>\$ 1,578,700</u>	<u>\$ 5,703,700</u>

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2019

(continued)

**\$2,180,000 Water
Revenue Bonds, Series 2012
Principal Due December 1
Interest Rate 2% to 3%**

Year Ended December 31,	Payable June 1 and December 1			Total		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 125,000	\$ 38,788	\$ 163,788	\$ 535,000	\$ 202,701	\$ 737,701
2021	125,000	35,663	160,663	540,000	187,863	727,863
2022	125,000	32,538	157,538	550,000	172,288	722,288
2023	135,000	29,256	164,256	325,000	156,256	481,256
2024	135,000	25,713	160,713	330,000	147,013	477,013
2025	140,000	22,000	162,000	340,000	137,450	477,450
2026	145,000	18,150	163,150	350,000	127,600	477,600
2027	150,000	13,800	163,800	360,000	117,100	477,100
2028	150,000	9,300	159,300	370,000	106,300	476,300
2029	160,000	4,800	164,800	385,000	95,200	480,200
2030	-	-	-	235,000	83,650	318,650
2031	-	-	-	245,000	76,600	321,600
2032	-	-	-	250,000	66,800	316,800
2033	-	-	-	260,000	56,800	316,800
2034	-	-	-	275,000	46,400	321,400
2035	-	-	-	285,000	35,400	320,400
2036	-	-	-	295,000	24,000	319,000
2037	-	-	-	305,000	12,200	317,200
	<u>\$ 1,390,000</u>	<u>\$ 230,008</u>	<u>\$ 1,620,008</u>	<u>\$ 6,235,000</u>	<u>\$ 1,851,621</u>	<u>\$ 8,086,621</u>

Town of Lochbuie, Colorado

HISTORY OF TOWN ASSESSED VALUATION

December 31, 2019

<u>Levy Year/ Collection Year</u>	<u>Weld County</u>	<u>Adams County</u>	<u>Total Assessed Valuation</u>	<u>Percent Change</u>
2012/2013	\$ 18,463,420	\$ 199,310	\$ 18,662,730	
2013/2014	17,008,537	223,580	17,232,117	-7.67%
2014/2015	16,957,900	191,260	17,149,160	-0.48%
2015/2016	22,984,210	132,630	23,116,840	34.80%
2016/2017	24,756,620	127,890	24,884,510	7.65%
2017/2018	34,280,430	160,280	34,440,710	38.40%
2018/2019	38,033,630	97,900	38,131,530	10.72%
2019/2020	51,880,640	351,970	52,232,610	36.98%

Source: Weld County and Adams County Assessors' Offices

SPECIAL REPORT

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Lochbuie
	YEAR ENDING : December 2019
This Information From The Records Of (example - City of _ or County of Town of Lochbuie)	Prepared By: Denise Rademacher Phone: 303-990-5775

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,778,262
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	435,622
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	1,826,426	b. Snow and ice removal	5,796
3. Other local imposts (from page 2)	627,848	c. Other	0
4. Miscellaneous local receipts (from page 2)	107,575	d. Total (a. through c.)	5,796
5. Transfers from toll facilities	0	4. General administration & miscellaneous	54,336
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,274,016
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	175,069
7. Total (1 through 6)	2,561,849	b. Redemption	400,000
B. Private Contributions	0	c. Total (a. + b.)	575,069
C. Receipts from State government (from page 2)	287,236	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,849,085	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	575,069
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,849,085

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	5,368,925	0	400,000	4,968,925
1. Bonds (Refunding Portion)				
B. Notes (Total)		0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,849,085	2,849,085		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2019

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	580,812	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	107,575
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	47,036	g. Other Misc. Receipts	0
6. Total (1. through 5.)	47,036	h. Other	0
c. Total (a. + b.)	627,848	i. Total (a. through h.)	107,575
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	260,110	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	27,126	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	27,126	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	287,236	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		110,574	110,574
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		1,667,688	1,667,688
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,667,688	1,667,688
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,778,262	1,778,262
			(Carry forward to page 1)

Notes and Comments: