

The City of
DURANGO, COLORADO
2016

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2016**





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CITY OF DURANGO, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2016

Prepared by the Finance Department
Julie Brown, Finance Director



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CITY OF DURANGO, COLORADO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2016

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INTRODUCTORY SECTION



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June 6, 2017

To the Mayor, Members of Council and Citizens of the City of Durango:

The Charter of the City of Durango and State law require local governments to publish the results of its annual audit and a comprehensive report of financial statements. The report is to conform to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of Durango, Colorado for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the City of Durango. Consequently, management retains full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Durango financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits. Management has designed the City of Durango's framework of internal controls to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Durango's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2016, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Durango for fiscal year 2016 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Durango was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Durango's MD&A can be found immediately following CliftonLarsonAllen LLP's independent audit report.

Profile of the City of Durango

The City of Durango, incorporated in 1881, is located in southwest Colorado in the area known as the Four Corners, where the states of Colorado, Arizona, Utah and New Mexico converge. As the county seat for La Plata County, Durango is a regional hub for commerce. It is also home to Fort Lewis College, a four-year state college with approximately 4,000 students. The City has a population of 18,101 residents and encompasses 19.57 square miles.

Durango is surrounded by two million acres of the San Juan National Forest. Public lands occupy over 41% of La Plata County's total acreage.

The City is a home rule city, organized under provisions of the Colorado Constitution. The City Charter, first adopted in 1912, provides for the council-manager form of local government. Policymaking and legislative authority is vested in a governing council consisting of five members elected at large on a non-partisan basis to staggered four-year terms. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing advisory and commission members, and hiring the city manager, city attorney, and municipal judge. The city manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the department directors and other staff members.

The City provides a full range of services to its residents, including general government, public safety, streets and highways, culture and recreation, transportation, planning and community development, public works, and public utilities. The City's recreation programs and facilities are utilized heavily by residents of La Plata County and we continue to be the largest provider of these services within the county. The City's utilities include water treatment, wastewater treatment, and solid water disposal and recycling. The City also operates a parking enterprise, including metered spaces and several parking lots, and provides public transportation within the city limits.

Management includes component units in the reporting entity in conformance with generally accepted accounting principles. The financial statements include all funds that make up the legal entity of the "primary government", namely the City, as well as organizations for which the City is financially accountable. The City's reporting entity includes the Durango Conference Center Business Improvement District. The District is shown separately in the financial statements from the primary government. The City also participates in a joint venture with La Plata County. The Durango La Plata County Airport is jointly owned by the City of Durango and La Plata County and operates under an intergovernmental agreement signed by both parties. Separate financial statements are issued for the airport.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the city manager in August of each year. The city manager then uses those requests to develop the proposed budget, which is usually presented to the City Council in September. The Council is required to hold a public hearing prior to final adoption of the budget. Pursuant to the City Charter, the City Council shall adopt the final budget in a timely manner prior to the start of the ensuing budget year. An annual appropriation ordinance must also be adopted. The appropriations ordinance is prepared and adopted by fund and in the case of capital projects and grants, by project and grant. The city manager may make transfers of appropriations within a department. Transfers of appropriations between departments and/or funds and additional appropriations require the special approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 90 as part of the Required Supplementary Information. For all other budgeted funds, these comparisons are presented in the Supplementary Information subsection, which starts on page 92.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment within which the City of Durango operates.

Local economy: Financially, fiscal 2016 showed increases over previous years. According to the Fort Lewis College Office of Economic analysis and Business research, tourism now generates approximately 28% of all economic activity in La Plata County. Lodgers' tax, which is one of the economic indicators for tourism strength, increased 7.5% in 2016 over 2015, in comparison to the 7.4% increase in 2015 over 2014. Riders on the Durango & Silverton Narrow Gauge Railroad showed a slight increase between 2015 and 2016 of 4%. Enplanements at the Durango La Plata County Airport saw a slight decrease of approximately 2.0% in 2016 over the prior year. Mesa Verde visitors showed an increase of over 35,000 visitors in 2016 over 2015.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years until the downturn in 2009. 2015 sales tax revenues

were up 5.8% from 2014 while 2016 revenues were up 2.7% over 2015. Sales tax continues to improve and a strong forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango's economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx opened at the Durango Mall in 2012 and in 2013, a new Tractor Supply and Sally's Beauty Supply opened. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: 10 Best Ski Towns in America by *Forbes* (2015), Best Destination for Outdoor Enthusiasts by *USA TODAY* (2015), America's 20 Best Small Towns for Christmas by *Country Living Magazine* (2015), 2015 Top Western Towns by *True West Magazine* (2015), 100 Best Small Towns by *Livability.com* (2015), Best Places to Start a Business in Colorado by *NerdWallet* (2015), 13 Most Affordable US Ski Towns for Rentals in Winter 2015-16 by *TripAdvisor* (2015), Top 5 Colorado Boating Towns by *Colorado Kayak Supply* (2015), and The Top 50 Small Towns in America by *Discount My Flights* (2015).

City building activity proved more robust in 2016 compared to previous years. The total number of new housing units in 2016 (253) surpassed all annual year totals since the boom years of 2003-2007, in all of these categories: new single family, new attached single family, and new multifamily. Moreover, the amount of residential remodels or additions in 2016 surpassed all the totals from the previous 5 years, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction also exceeded the previous years' 5 year high.

Throughout the economic turmoil the City continues to be optimistic about the future. City sales tax collections for 2016 showed an increase of 2.7% over 2015 collections. Through April 2017, city sales tax collections are showing an increase of 1.2% over 2016. Locally in 2015 we saw increases in growth and employment. Real estate values have increased slightly and housing prices remain a problem for low to moderate income families. The median price of a single-family home in Durango increased 8.0% over the previous year. The average sales price of a single family home in Durango for 2016 increased 8% over 2015.

According to the Office of State Planning and Budgeting, the Colorado continued to post faster economic growth than the nation. Per capita personal income and average annual pay remain above the national average, though the pace of income growth is lagging.. Both the national and Colorado economies continue to struggle from recessionary pressures, but there are some indicators that conditions are beginning to improve in Colorado. Local conditions around the State remain mixed as some areas have been hit harder than others; however, Colorado continues to fare better than a number of other states in such areas as nonagricultural employment, housing, and personal income. As expected in prior forecasts, Colorado's economic growth slowed during the course of 2016 from its robust pace in 2014 and 2015. However, Colorado's economy is expected to continue to post stronger levels of growth than the nation overall, but slower than the high growth experienced in 2014. In 2015, Colorado employment increased corresponding with those of the national labor market. The unemployment rate in Colorado is expected to drop to 3.6% for calendar year 2015. Employment growth continued to increase at a rate of 2.2% growth. Historically, the Colorado economy has tended to lag the national economy, so any serious downturn in the national condition eventually works its way to Colorado. Weakness and uncertainty at the national level have fed into economic indicators in Colorado, but a strong energy sector and reasonable housing fundamentals should ensure that the state remains insulated from the worst of the impacts to the rest of the country. Colorado is now no longer as vulnerable to a correction in the information technology section as it was in the early 2000s, because IT employment has continued to shrink. Indicators are expected to continue at positive, sustainable levels moving forward.

Long-term financial planning: The City budget includes a five-year capital improvement program. Over the next five years, it is anticipated that the City will initiate or complete projects in excess of \$200,869,090. On an annual basis the City sets its priorities and designates sources of funding for those projects for the next five years. Because the program is reviewed annually in conjunction with the budget, it is very dynamic and flexible. Infrastructure

needs continue to be a top priority. Major street improvements, water mains, water treatment plant construction, wastewater treatment plant upgrades, and storm drainage improvements are all scheduled over the next five years. Major public works projects scheduled for 2017 include street overlays and reconstruction, and \$64.5 million in water and sewer projects, the largest project being the construction of the Santa Rita Water Reclamation Facility. Over \$7 million dollars will be spent in 2017 on park and recreation projects. Streets and associated improvements remain a priority over the next five years. Major improvements to Main Avenue and Second Avenue are all programmed. Traffic congestion as the county's population grows remains an issue that must be addressed. The City was fortunate to receive voter approval at the April 2005 municipal election to increase City sales and use taxes by an additional one-half percent. The proceeds of the new tax are restricted with 50% of the revenue allocated to parks, open space, and trails and 50% to capital improvements. The tax will allow the City to move forward with many projects that have been identified in the City's Capital Improvement Program.

Debt Management: The ratio of net general bonded debt to assessed valuation and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. The City does not have any general obligation debt outstanding. At December 31, 2016 the City had \$23,965,000 of sales and use tax revenue bonds, series 2016, series 2008 and series 2009, outstanding. All required debt covenants are currently being met. In addition, an additional \$4,000,000 was borrowed to secure water rights and water storage for many years to come. There was \$3,460,219 outstanding at December 31, 2016 and this loan is being repaid by the Water Fund. Certificates of participation were issued in the amount of \$2,700,000 in 2014 for the construction of Wilson Gulch Road in Three Springs development. This road will provide the impetus for future commercial development in the area. There was \$2,500,000 outstanding at December 31, 2016. In 2016, the City borrowed \$62,200,000 to construct a new water reclamation facility to replace the old outdated wastewater treatment plant. This loan is being repaid by the Sewer Fund.

Major Initiatives: The City continues to work toward financial sustainability. In 2016 as well as in the 2017 budget major initiatives are set forth to take the city into the future. Infrastructure maintenance and building up fund balance in all funds continues to be a top priority. Recognizing the value of our employees continues to be an important aspect of our budget as well as customer service and citizen engagement. As we strive to achieve these goals and initiatives we continue to meet all financial goals and objectives.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Durango for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the thirty third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we plan on submitting it to the GFOA to determine its eligibility for another certificate.

The preparation and completion of this report on a timely basis could not have been accomplished without the dedication and efficiency of the entire staff of the Finance Department. This report is, indeed, a tribute to our accounting and data processing staff who worked long and hard in preparing the support information and financial statements for this report. I would like to express my appreciation to CliftonLarsonAllen LLP, the firm that serves as the City's external auditors. Credit must also be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Durango's finances.

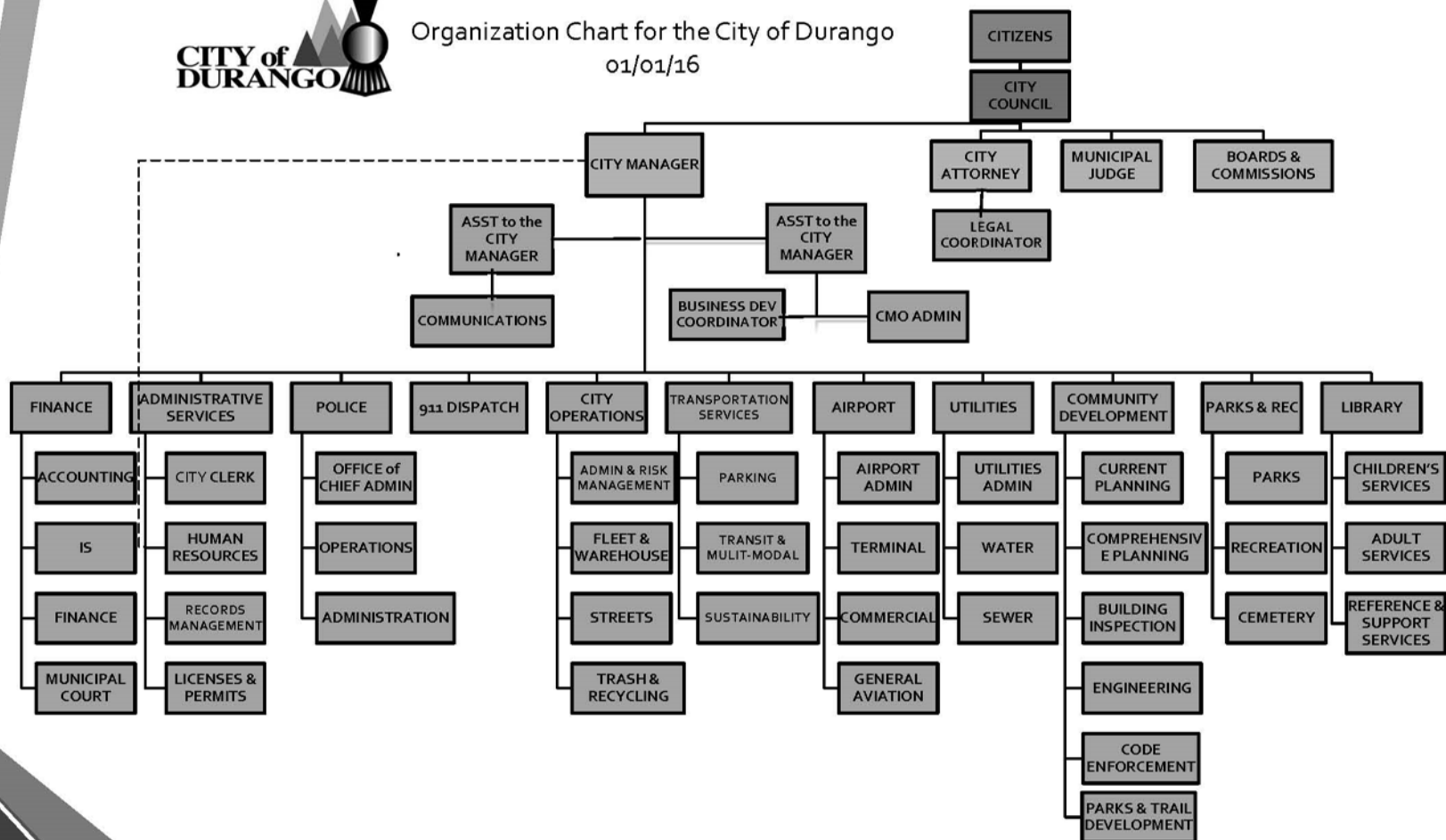
Respectfully submitted,

Ronald P. LeBlanc
City Manager

Julie L. Brown
Finance Director



Organization Chart for the City of Durango 01/01/16





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Durango
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

City of Durango, Colorado
List of Elected and Appointed Officials

Elected Officials: City Council

Christina Rinderle	Mayor
Richard White	Mayor Pro Tem
Keith Brant	Council Member
Sweetie Marbury	Council Member
Dean Brookie	Council Member

Council Appointed Officials

Dirk Nelson	City Attorney
James Casey	Municipal Judge
Ron LeBlanc	City Manager

Department Directors

Administrative Services Director	Amy Phillips
911 Communications Director	Phil Campbell
Finance Director	Julie Brown
City Operations Director	Levi Lloyd
Library Director	Sandy Irwin
Utilities Director	Steve Salka
Community Development Director	Kevin Hall
Parks and Recreation Director	Catherine Metz
Interim Police Services Director	Lynn Johnson
Interim Aviation Director	Tony Vicari
Transportation Services Director	Amber Blake



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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
Of the City Council
City of Durango
Durango, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of pension contributions, and budgetary comparison information on pages 25-34 and pages 87-90 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durango's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, special reports, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Durango's basic financial statements for the year ended December 31, 2015, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durango, Colorado's basic financial statements as a whole. The comparative statements and schedules presented as supplementary information as listed in the table of contents contain information for the year ended December 31, 2015 and are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 information contained in those statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017, on our consideration of the City of Durango's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Durango's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
June 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Durango, Colorado (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$288,494,255 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$226,043,357 include property, plant, and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$8,532,447 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$53,918,451 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$20,264,044 this year. This compares to the prior year ending fund balance of \$20,835,508 showing a decrease of \$571,464 during the current year.
- At the end of the current fiscal year, unassigned and assigned fund balance for the General Fund was \$5,014,756, or 14% of total General Fund expenditures and other financing uses. Of that assigned balance, \$179,297 is designated for 2017 expenditures.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City'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 City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers. Both government-wide financial statements distinguish

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

City of Durango, Colorado

December 31, 2016

governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, library, community services and economic development. Business-type activities include the water and sewer systems, solid waste, parking and transit.

The government-wide financial statements are presented on pages 37 through 38 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 39 through 43 of this report. Individual fund information for nonmajor governmental funds is found in combining statements in the supplementary section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds for its water and sewer systems, sustainable services, parking and transit. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Durango's various functions. The City of Durango uses internal service funds to account for its warehouse, fleet, risk management and insurance functions. Because these four services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The basic enterprise fund financial statements are presented on pages 44 through 45 of this report. Individual fund information for nonmajor enterprise funds is found in the combining statements in the supplementary section of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 46 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information is on page 87 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016
Supplementary Information

City of Durango, Colorado

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds can be found in the supplementary section of this report beginning on page 92.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources at fiscal year-end exceeded liabilities and deferred inflows of resources by \$288,564,755. The following table provides a summary of the City's net position:

	Statement of Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 49,211,658	\$ 47,461,739	\$ 85,381,967	\$ 18,184,347	\$ 134,593,625	\$ 65,646,086
Capital assets	187,411,990	183,513,734	68,773,076	63,816,243	256,185,066	247,329,977
Total assets	236,623,648	230,975,473	154,155,043	82,000,590	390,778,691	312,976,063
Deferred outflows of resources						
Change in investment earnings	144,760	22,655	-	-	144,760	22,655
Pension contributions subsequent to measurement date	228,363	228,363	-	-	228,363	228,363
Total Deferred Outflow of Resources	373,123	251,018	-	-	373,123	251,018
Liabilities:						
Other liabilities	3,474,546	5,773,948	1,479,970	647,335	4,954,516	6,421,283
Long-term liabilities	30,447,775	30,636,035	65,961,200	3,889,823	96,408,975	34,525,858
Total liabilities	33,922,321	36,409,983	67,441,170	4,537,158	101,363,491	40,947,141
Deferred inflows of resources						
Property taxes	1,294,068	1,268,784	-	-	1,268,784	1,268,784
Total deferred inflows of resources	1,294,068	1,268,784	-	-	1,268,784	1,268,784
Net position:						
Net investments in capital assets	160,730,499	153,845,848	65,312,858	60,179,815	226,043,357	214,025,663
Restricted	8,532,447	4,406,072	-	-	8,532,447	4,406,072
Unrestricted	32,517,436	35,295,804	21,401,015	17,283,617	53,918,451	52,579,421
Total net position	\$ 201,780,382	\$ 193,547,724	\$ 86,713,873	\$ 77,463,432	\$ 288,494,255	\$ 271,011,156

By far the largest portion of the City's net position (78%) reflects its investment in capital assets, including infrastructure, less any related debt used to acquire those assets that is still outstanding. The City of Durango uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Durango's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to pay the annual debt service must be provided from other sources, since the capital assets themselves cannot be used to pay the debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**City of Durango, Colorado****December 31, 2016**

At the end of the current fiscal year, the City of Durango is able to report positive balances in the government as a whole, as well as for both its governmental activities and business-type activities. Governmental activities showed positive growth. Net position increased \$8,232,660 for governmental activities. The City's overall financial position improved during fiscal year 2016.

The following table provides a summary of the City's changes in net position:

Summary of Changes In Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues:						
Program:						
Charges for services	\$ 8,495,507	\$ 7,159,645	\$ 17,658,872	\$ 14,810,051	\$ 26,154,379	\$ 21,969,696
Operating grants	1,057,299	682,853	1,027,923	1,727,167	2,085,222	2,410,020
Capital grants	4,580,550	5,954,033	4,429,964	1,295,610	9,010,514	7,249,643
General:						
Taxes	35,665,595	34,580,548	-	-	35,665,595	34,580,548
Other	1,534,734	1,985,669	551,856	541,180	2,086,590	2,526,849
Total revenues	51,333,685	50,362,748	23,668,615	18,374,008	75,002,300	68,736,756
Program Expenses:						
General government	9,568,011	9,259,225	-	-	9,568,011	9,259,225
Public safety	12,242,685	11,859,989	-	-	12,242,685	11,859,989
Public works	7,543,224	9,893,562	-	-	7,543,224	9,893,562
Parks and recreation	7,886,241	6,088,070	-	-	7,886,241	6,088,070
Library	2,123,310	2,408,555	-	-	2,123,310	2,408,555
Community services	1,432,160	1,177,037	-	-	1,432,160	1,177,037
Economic development	806,000	758,775	-	-	806,000	758,775
Interest	1,136,023	1,236,752	-	-	1,136,023	1,236,752
Water	-	-	4,949,709	4,697,072	4,949,709	4,697,072
Sewer	-	-	3,662,081	3,691,696	3,662,081	3,691,696
Sustainable services	-	-	2,397,968	2,146,425	2,397,968	2,146,425
Transit	-	-	3,771,789	3,556,523	3,771,789	3,556,523
Total expenses	42,737,654	42,681,965	14,781,547	14,091,716	57,519,201	56,773,681
Excess (deficiency)	8,596,031	7,680,783	8,887,068	4,282,292	17,483,099	11,963,075
Transfers	(363,373)	(147,361)	363,373	147,361	-	-
Change in net position	8,232,658	7,533,422	9,250,441	4,429,653	17,483,099	10,297,590
Beginning net position	193,547,724	187,679,787	77,463,432	73,033,779	271,011,156	260,713,566
GASB No. 68 Adoption		(1,665,485)				
Beginning net position restated		186,014,302				
Ending net position	\$ 201,780,382	\$ 193,547,724	\$ 86,713,873	\$ 77,463,432	\$ 288,494,255	\$ 271,011,156

GOVERNMENTAL REVENUES

The City is heavily reliant on sales and use taxes to support governmental operations. City tax revenues account for 69.5% of the revenues for governmental activities. The City increased the sales and use tax rate from 2.5% to 3.0%, effective July 1, 2005. The increased revenue from the additional tax is restricted by voter authorization. Because of the City's healthy

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**City of Durango, Colorado****December 31, 2016**

financial position, we have been able to earn \$198,604 in interest earnings to support governmental activities in spite of declining interest rates. Program revenues covered 33% of governmental operating expenses in 2016. This means that the government's taxpayers and the City's other general revenues funded the balance of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams. Program revenues for fiscal 2015 covered 32.3% of governmental operating expenses.

GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety comprises 21% of the City's total expenses and 28% of the total governmental expenses. Parks and recreation makes up 11% of the total expenses and 14% of the total governmental expenses. General government and public works are 21% and 20% of total governmental expenses. These percentages are very similar to the prior fiscal year 2015 percentages. The overall increase in governmental expenses was 0.1% over the prior fiscal year.

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 9,568,011	22%	\$ 6,690,523	20%
Public safety	12,242,685	29%	10,723,723	32%
Public works	7,543,224	18%	8,518,757	25%
Parks and recreation	7,886,241	18%	1,517,006	4%
Library	2,123,310	5%	1,940,667	6%
Community services	1,432,160	3%	1,432,160	4%
Economic development	806,000	2%	806,000	2%
Interest on long-term debt	1,136,023	3%	2,397,274	7%
Total	\$ 42,737,654	100%	\$ 34,026,110	100%

As indicated, public safety consists of approximately 28% of the gross costs of the governmental activities and 32% of the net costs. The parks and recreation function has the best cost recovery. Recreation center fees and recreation program revenues are set to recover approximately 90% of the expenses for the center and recreation programs. The City received more in the form of contributions and capital grants and less in the form of operating in 2016. While these program revenues can vary in any given year, the corresponding acquisition of assets does not appear as a program expense. For that reason, program revenues can fluctuate dramatically from year to year depending on the amount of capital grants and contributions received. For the most part, increases in expenses reflect inflationary pressures on supplies and purchased services rather than increases in programs or services provided by the City.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$9,250,441. Key elements of business-type activities net position are as follows:

The operating revenues for all of the enterprise funds were 18.8% greater than 2015 and operating expenses were 4.4% more than 2015. Within the total business type activities of the City, these activities reported an operating income of \$3,381,512 compared to an operating income of \$1,040,688 for the prior year. Non-operating revenue increased by \$878,351 over 2015. Capital contributions for 2016 were \$2,814,649. Capital contributions include developer contributions of capital assets, capital grants, and plant investment fees.

December 31, 2016

The water utility accounts for approximately 34.8% of operating revenues and 33.6% of operating expenses. This utility reported a net increase in net position of \$4,093,033. The water utility had an operating income of \$1,308,396 and capital contributions of approximately \$2,698,735.

The sewer fund continues to focus on infrastructure replacement and repair. Operating revenues increased 27.9% over the prior year due to a large sewer rate increase in 2016. Net operating income for 2016 was \$3,602,931 in comparison to \$1,984,617 in 2015.

Financial Analysis of the City's Funds***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$20,264,044. Of this year-end total, approximately \$16,280,099 is restricted, committed or assigned fund balance, approximately \$2,442,936 of that amount in the general fund with the remainder of \$13,837,163 million in the capital projects funds and other governmental funds.

The total ending fund balances of governmental funds show a decrease of \$571,464 over the prior year. This decrease is primarily the result of the events and programs in the General Fund. The Capital Projects Fund fund balance had a decrease of 3.2 million due to the completion of a large project during 2016.

Major Governmental Funds***The General Fund:***

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$1,388,950. In fiscal year 2015, the fund balance decreased by \$1,251,957. Transfers out of the general fund to the capital projects funds increased as revenues started an uphill swing and were available to support the City's desire to reinstate spending between one and two million dollars annually from the general fund on capital projects. Several street projects were given priority in the capital projects fund as the Council's desire to protect infrastructure was funded.

Total revenues for 2016 were \$35,204,979 an increase of \$1,041,760 or 3.1% over 2015. City sales taxes increased by \$416,519 or 2.7% over that recognized in 2015. City use taxes decreased 9.8% (\$94,753) over collections in 2015. Use tax collections have been volatile through this recovery. The construction industry has slowed compared to previous years. The remaining revenue sources were comparable with the prior year.

Expenditures for 2016 were \$36,599,835 an increase of 3.3% over fiscal 2015. This function includes police services, the communication center and the city's contract for fire and rescue services. Public safety expenditures increased compared to the previous year with an increase in expenditures of approximately 5.9% overall. Active recruiting and full staffing levels contributed to the increase in expenditures.

Public works expenditures increased 7.8% over actual for 2015. Maintenance costs for materials, limited snow removal from major snowstorms and increases in fuel and utility charges for street lighting had a major impact on public works expenditures this year although other expenditures were kept in line.

Parks and Recreation expenditures increased at a rate of 3.5% over last year. In 2016, the City parks and recreation department adopted a lofty goal of achieving a 90% cost recovery for all parks and recreation programs as well as at the recreation center. The City continues to move forward with many sustainable policies and actions to ensure energy savings.

Buildings and plant account for over 2% of the expenditures in this fund. Maintenance costs and utility charges for all general city buildings continue to affect expenditures.

The general fund transferred \$2,945,000 to other funds, a decrease of \$652,832 over the prior year. As fund balance is used for infrastructure the available amount to be transferred to the capital projects fund was limited. The City traditionally transfers between \$1,000,000 to \$2,000,000 annually for capital projects but in 2016 a greater emphasis was put on infrastructure and funds were transferred from fund balance to concentrate on these projects. This amount fluctuates based on available resources in any given year and staff's ability to administer additional projects. Capital projects, once the City Council authorizes them, carry forward until completion.

The Capital Projects Fund

The capital projects fund at December 31, 2016 had authorized projects either completed or underway in excess of \$15 million dollars. In addition to transfers in from the general fund and other special revenue funds, the capital projects fund received intergovernmental revenues of approximately \$5,353,794 for the year 2016.

The Capital Improvements Fund

The capital improvements fund received sales and use tax revenues of approximately \$2.0 million in 2016. Debt service on two large project, the library and Florida Road construction, is paid from these revenues.

The Parks, Open Space & Trails Fund

The parks, open space & trails fund at December 31, 2016 had authorized projects underway in excess of just over \$8 million dollars. This fund received sales and use tax revenues of approximately \$2.0 million.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Budgetary Highlights

The General Fund – Budget amendments increased the original revenue budget by 4.0% during 2016. Revenue budget amendments were made for grants received and appropriated during 2016. The majority of revenue categories had unfavorable budget variances over final budget estimates. Sales taxes were below budget projections by \$158,737. Use taxes saw a larger shortfall in the amount of \$328,235. All categories combined for a 6.8% unfavorable variance under the final 2016 budget.

Investment earnings stayed stable from original estimates because of lower than anticipated interest rates on securities that the City purchases for its portfolio. The City generally holds investments until maturity and is in the market monthly. The average rate of return has been decreasing steadily as rate declines are made and as the City reinvests matured securities in lower interest rate securities. As interest rates continue to creep up 2017 investment earnings should see an increase.

Budget amendments increased the original expenditure budget by 6.1% during 2016. Total amendments to the expenditures budget were \$2,131,549.

The final general fund budget for expenditures had a favorable variance of \$2.9 million. City departments traditionally spend less than the approved budget by approximately 5-8% annually and that trend has continued for calendar year 2016.

Capital Assets and Debt Administration

Capital Assets

The City's net investments in capital assets, for governmental and business-type activities as of December 31, 2016, was \$160,730,499 and \$65,383,353 respectively. The net capital assets for the internal service funds are reported with the governmental activities on the statement of net position. The total increase in the net investment was 4.5% for governmental activities and a 8.6% increase for business-type activities. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets						
	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
Non-depreciable assets:						
Land	\$ 29,070,290	\$ 28,696,147	\$ 5,007,011	\$ 5,007,011	\$ 34,077,301	\$ 33,703,158
Water rights	-	-	5,852,732	5,852,732	5,852,732	5,852,732
Consturction in progress	7,641,581	16,533,186	6,838,734	2,521,902	14,480,315	19,055,088
Total non-depreciable	36,711,871	45,229,333	17,698,477	13,381,645	54,410,348	58,610,978
Depreciable assets:						
Buildings	45,532,755	44,127,643	21,362,443	21,362,443	66,895,198	65,490,086
Improvements	1,101,610	1,101,610	-	-	1,101,610	1,101,610
Equipment	20,516,245	19,492,886	7,584,889	7,115,438	28,101,134	26,608,324
Infrastructure	215,070,708	197,335,242	60,538,619	58,228,964	275,609,327	255,564,206
Total depreciable assets	282,221,318	262,057,381	89,485,951	86,706,845	371,707,269	348,764,226
Less accumulated depreciation	131,521,199	123,772,980	38,411,355	36,272,247	169,932,554	160,045,227
Book value-depreciable assets	150,700,119	138,284,401	51,074,599	50,434,598	201,774,715	188,718,999
Percentage depreciated	47%	47%	43%	42%	47%	45%
Total book value	\$ 187,411,990	\$ 183,513,734	\$ 68,773,076	\$ 63,816,243	\$ 256,185,063	\$ 247,329,977

At December 31, 2016, the depreciable capital assets for governmental activities were 47% depreciated. This is comparable to the December 31, 2015 percentage. This comparison indicates that the City is replacing its assets at a comparable rate as they are depreciating which is a positive indicator.

With the City's business type activities, 43% of the depreciable capital assets were depreciated at December 31, 2016 compared to 42% at December 31, 2015.

Overall, the City's capital assets are depreciated at approximately 47%, which demonstrates the City's continuing investment in capital.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$23,965,000 in sales and use tax revenue bonds. This debt is being retired with sales and use taxes from an authorized 1999 tax increase of one-half percent dedicated to the financing and construction of the recreation center and the completion of the Animas River Trail and sales and use taxes from an authorized 2007 tax increase of one quarter percent dedicated to capital improvements. During the year, the City refinanced \$10,185,000 in bonds series 2007. \$1,040,000 was retired during the year in bonds series 2008, or 10.8 % of the beginning outstanding bonded debt balance. The City also retired \$775,000 in bonds series 2009, or 4.4% of the beginning outstanding bonded debt balance. In 2013, the City obtained a long term loan from Colorado Water Resources and Power Development Authority in the amount of \$4,000,000 to purchase water storage and rights for the Water Fund. The term of the loan is 20 years with an interest rate of 1.95%. The city retired principal in the amount of \$176,210 in 2016. The City issued Certificates of Participation in the amount of \$2,700,000 in 2014 to fund construction costs of Wilson Gulch Road, a main road in the Three Springs area that will provide economic activity. The city retired principal in the amount of \$100,000 in 2016. The city received two loans from the Colorado Water Resources and Power Development Authority in 2016 in the amount of \$62,200,000 to fund the construction of the Waste Water Treatment Plant facility. There were no debt service payment sin 2016 on these loans.

	Outstanding Borrowings					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Sales & use tax revenue bonds 2007	\$ -	\$ 10,185,000	\$ -	\$ -	\$ -	\$ 10,185,000
Sales & use tax revenue bonds 2008	2,220,000	3,260,000	-	-	2,220,000	3,260,000
Sales & use tax revenue bonds 2009	12,165,000	12,940,000	-	-	12,165,000	12,940,000
Certificates of Participation 2014	2,500,000	2,600,000	-	-	2,500,000	2,600,000
Sales & use revenue refunding note 2016	9,580,000	-	-	-	9,580,000	-
Bond premium amortization	216,490	338,617	-	-	216,490	338,617
Compensated absences	1,328,752	1,312,419	300,981	253,394	1,629,733	1,565,813
CWRPDA Water Loan 2013	-	-	3,460,219	3,636,429	3,460,219	3,636,429
CWRPDA Sewer Loan 2016	-	-	58,404,764	-	58,404,764	-
CWRPDA 0% Sewer Loan 2016	-	-	2,500,000	-	2,500,000	-
Loan premium amortization	-	-	1,295,236	-	1,295,236	-
Total	\$ 28,010,242	\$ 30,636,036	\$ 65,961,200	\$ 3,889,823	\$ 93,971,442	\$ 34,525,859

In 2006, the city implemented a “Paid Time Off” program that now combines all paid time off into one accrual. This resulted in a larger accrual amount to employees during the year and decreased the liability recognized as well. See Note 3-H for additional information about the City’s long-term debt.

Economic Conditions and Next Year’s Budget

City sales tax showed an increase during the year ending December 31, 2016. The increase in city sales tax for 2016 was 2.7% over 2015 for the general fund. Lodgers’ tax, which is an indicator of the tourism sector, also increased 7.5% over the prior year. Tourism contributes an estimated 28% to the local economy and the visitor statistics have shown a slight increase with an increase of 4% in riders on the Durango & Silverton Narrow Gauge Railroad in 2016 over 2015 statistics. Enplanements at the Durango La Plata County Airport were down slightly over the previous year.

The City, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years until the downturn in 2009. 2015 revenues were up 5.8% over 2014 while 2016 revenues remained strong with an increase of 2.7%. Sales tax continues to improve and a strong forecast is in the future. The area’s climate, variety of terrain and outdoor recreational opportunities, proximity to the Durango Mountain Resort ski area, the presence of Fort Lewis College, and the “small town” appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City’s south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango’s economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx opened at the Durango Mall in 2012 and in 2013, a new Tractor Supply and Sally's Beauty Supply opened. Fort Lewis College continues to be an important player, adding to the area’s economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: Finest Places You'd ever like to Call Home, Top Micropolitan area in the U.S. *Policom* (2011), Best Place to Live by *Men's Journal* (2011), Top Ten Western Towns by *True West Magazine* (2011), Retire Here Not There: Four less-known havens for living the Rocky Mountain High Life by *Smart Money* (2011), Ten Great Races in Amazing Places (Iron Horse Bicycle Classic) by *National Geographic* (2012), Top 10 US Travel Destinations for 2012 by *Lonely Planet* (2012), Best of the West, Best Historic Hotel, General Palmer by *True West Magazine* (2012), and The 20 Best Small Towns in America by

December 31, 2016

Smithsonian.com (2012), The Best River Towns in America; Durango, Colorado *Outside Magazine* (2012) and Best Colorado Ski Town, Best Big Town by *Elevation Outdoors Magazine* (2013).

City building activity in 2016 continued to improve over the numbers in 2015, which themselves were considerably improved over the previous three years. As emphasis continues to be put on economic development many new opportunities are on the horizon for large retail operations to open. The housing market continues to improve with limited inventory on the market driving prices. Construction of Wilson Gulch Road in Three Springs in 2015 will provide for large box retailers to locate to the Durango area. The economic forecast for the Durango area continues to be strong and vibrant.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Director at the City, 949 E. Second Avenue, Durango, CO 81301.



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BASIC FINANCIAL STATEMENTS

City of Durango, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and investments (Note 3-A)	\$ 18,615,187	\$ 36,090,931	\$ 54,706,118	\$ 235,767
Receivables:				
Accounts	4,476,454	2,444,147	6,920,601	-
Sales taxes	2,652,347	-	2,652,347	-
Property taxes	1,294,068	-	1,294,068	-
Franchise taxes	74,560	-	74,560	-
Lodgers taxes	70,727	-	70,727	-
Special assessments	7,530	-	7,530	-
Interest	924,715	-	924,715	-
Notes	-	46,747,097	46,747,097	-
Inventory	387,452	99,792	487,244	-
Prepaid items	-	-	-	500
Investment in joint venture	20,708,618	-	20,708,618	-
Capital Assets (Note 3-D)				
Nondepreciable capital assets	36,711,871	17,698,477	54,410,348	-
Depreciable capital assets, net	150,700,119	51,074,599	201,774,718	6,456
Total Assets	236,623,648	154,155,043	390,778,691	242,723
Deferred Outflows of Resources				
Change in investment earnings	144,760	-	144,760	-
Pension contributions subsequent to measurement date	228,363	-	228,363	-
Total Deferred Outflows of Resources	373,123	-	373,123	-
Liabilities				
Accounts payable	1,949,327	1,310,165	3,259,492	21,237
Accrued expenses	608,576	169,805	778,381	-
Accrued interest payable	68,007	-	68,007	-
Contracts payable	629,999	-	629,999	-
Unearned revenue	218,637	-	218,637	-
Long-Term Liabilities: (Note 3-H)				
Net pension liability	2,437,533	-	2,437,533	-
Due within one year	3,656,356	2,673,413	6,329,769	-
Due in more than one year	24,353,886	63,287,787	87,641,673	-
Total Liabilities	33,922,321	67,441,170	101,363,491	21,237
Deferred Inflows of Resources				
Property taxes	1,294,068	-	1,294,068	-
Total Deferred Inflows of Resources	1,294,068	-	1,294,068	-
Net Position				
Net investment in capital assets (Note 3-J)	160,730,499	65,312,858	226,043,357	-
Restricted for:				
Capital projects	6,876,019	-	6,876,019	-
Debt service	338,348	-	338,348	-
Emergencies	1,318,080	-	1,318,080	-
Unrestricted	32,517,436	21,401,015	53,918,451	221,486
Total Net Position	\$ 201,780,382	\$ 86,713,873	\$ 288,494,255	\$ 221,486

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Activities
For the Year Ended December 31, 2016

Function/Program	Program Revenues				Net Expense (Revenue) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	\$ 9,568,011	\$ 1,774,979	\$ 695,936	\$ -	\$ (7,097,096)	\$ -	\$ (7,097,096)	\$ -
Public safety	12,242,685	1,154,793	198,278	-	(10,889,614)	-	(10,889,614)	-
Public works	7,543,224	500	-	138,236	(7,404,488)	-	(7,404,488)	-
Parks and recreation	7,886,241	3,157,875	-	4,442,314	(286,052)	-	(286,052)	-
Library	2,123,310	19,558	163,085	-	(1,940,667)	-	(1,940,667)	-
Community services	1,432,160	-	-	-	(1,432,160)	-	(1,432,160)	-
Economic development	806,000	-	-	-	(806,000)	-	(806,000)	-
Interest	1,136,023	-	-	-	(1,136,023)	-	(1,136,023)	-
Joint venture airport	-	2,387,802	-	-	2,387,802	-	2,387,802	-
Total Governmental Activities	42,737,654	8,495,507	1,057,299	4,580,550	(28,604,298)	-	(28,604,298)	-
Business-type Activities:								
Water utility	4,949,709	6,088,731	-	2,698,735	-	3,837,757	3,837,757	-
Sewer utility	3,662,081	7,260,261	-	1,314,323	-	4,912,503	4,912,503	-
Sustainable services	2,397,968	2,261,480	-	-	-	(136,488)	(136,488)	-
Transportation Services	3,771,789	2,048,400	1,027,923	416,906	-	(278,560)	(278,560)	-
Total Business-type Activities	14,781,547	17,658,872	1,027,923	4,429,964	-	8,335,212	8,335,212	-
Total - Primary Government	\$ 57,519,201	\$ 26,154,379	\$ 2,085,222	\$ 9,010,514	(28,604,298)	8,335,212	(20,269,086)	-
Component Unit								
Durango Conference Center Business Improvement District	\$ 338,714	\$ 90,200	\$ -	\$ -	-	-	-	(248,514)
General Revenues								
Property taxes levied for:								
General government purposes					1,270,419	-	1,270,419	257,642
Specific ownership tax					111,938	-	111,938	-
Sales tax					23,152,987	-	23,152,987	-
Use tax					1,307,583	-	1,307,583	-
Sales and use tax audit					88,905	-	88,905	-
La Plata County shared sales tax					3,854,966	-	3,854,966	-
La Plata County joint sales tax					1,979,176	-	1,979,176	-
Other taxes					1,149,102	-	1,149,102	-
Franchise fees and occupational taxes					1,688,010	-	1,688,010	-
Lodgers taxes					1,062,509	-	1,062,509	-
Gain/(Loss) on disposal of capital assets					2,395	110,239	112,634	-
Investment earnings					198,604	130,115	328,719	-
Miscellaneous					1,333,735	311,502	1,645,237	-
Total General Revenues					37,200,329	551,856	37,752,185	257,642
Transfers					(363,373)	363,373	-	-
Total General Revenues and Transfers					36,836,956	915,229	37,752,185	257,642
Change in Net Position					8,232,658	9,250,441	17,483,099	9,128
Net Position Beginning of Year					193,547,724	77,463,432	271,011,156	212,358
Net Position End of Year	\$ 201,780,382	\$ 86,713,873	\$ 288,494,255	\$ 221,486				

See accompanying notes to the basic financial statements

City of Durango, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash on hand	\$ 18,600	\$ -	\$ -	\$ -	\$ -	\$ 18,600
Equity in treasurer's cash and investments	3,098,896	5,335,908	4,552	2,061,490	3,623,594	14,124,440
Cash held in escrow	509,374	-	-	-	-	509,374
Receivables:						
Accounts	199,203	-	-	-	13,416	212,619
Property taxes	1,294,068	-	-	-	-	1,294,068
Sales taxes	1,768,320	-	220,940	220,941	442,146	2,652,347
Franchise taxes	74,560	-	-	-	-	74,560
Lodger's taxes	-	-	-	-	70,727	70,727
Special assessments	7,530	-	-	-	-	7,530
Intergovernmental	1,201,739	1,231,284	-	1,697,172	-	4,130,195
Interest	924,715	-	-	-	-	924,715
Interfund	845,000	-	-	-	-	845,000
Inventory	49,977	-	-	-	-	49,977
Total Assets	\$ 9,991,982	\$ 6,567,192	\$ 225,492	\$ 3,979,603	\$ 4,149,883	\$ 24,914,152
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 599,227	\$ 422,140	\$ -	\$ 437,375	\$ -	\$ 1,458,742
Accrued expenditures	583,662	-	-	-	-	583,662
Interfund payable	-	-	465,000	-	-	465,000
Deposits	629,999	-	-	-	-	629,999
Unearned revenue	218,637	-	-	-	-	218,637
Total Liabilities	2,031,525	422,140	465,000	437,375	-	3,356,040
Deferred Inflows of Resources						
Property taxes	1,294,068	-	-	-	-	1,294,068
Total Deferred Inflows of Resources	1,294,068	-	-	-	-	1,294,068
Fund Balances						
Nonspendable	49,977	-	-	-	-	49,977
Restricted	1,448,321	-	-	3,542,228	3,740,146	8,730,695
Committed	153,335	6,145,052	-	-	396,321	6,694,708
Assigned	841,280	-	-	-	13,416	854,696
Unassigned	4,173,476	-	(239,508)	-	-	3,933,968
Total Fund Balances	6,666,389	6,145,052	(239,508)	3,542,228	4,149,883	20,264,044
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,991,982	\$ 6,567,192	\$ 225,492	\$ 3,979,603	\$ 4,149,883	\$ 24,914,152

See accompanying notes to the basic financial statements

City of Durango, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2016

Total Governmental Fund Balances	\$	20,264,044
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**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 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 including investment in joint venture	\$ 326,026,269	
Less accumulated depreciation	<u>(123,578,312)</u>	202,447,957

Net Pension liabilities are not recognized at the fund level but are reported at the government-wide level	(2,437,533)
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Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds

Change in investment earnings	\$ 144,760	
Contributions subsequent to measurement date	<u>228,363</u>	373,123

Internal service fund is used by management to charge the costs of general administrative services, equipment replacement and self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

9,134,112

Liabilities, including bonds, accrued interest and compensated absences are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	\$ (26,465,000)	
Bonds premium amortization	(216,490)	
Accrued interest on long term debt	(68,007)	
Compensated absences	<u>(1,251,824)</u>	<u>(28,001,321)</u>

Net Position Of Governmental Activities	\$	<u>201,780,382</u>
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See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 1,270,419	\$ -	\$ -	\$ -	\$ -	\$ 1,270,419
Specific Ownership Taxes	111,938	-	-	-	-	111,938
Sales taxes	15,436,263	-	1,928,602	1,928,602	3,859,520	23,152,987
Use taxes	871,765	-	108,922	108,922	217,974	1,307,583
Sales and use tax audit	88,905	-	-	-	-	88,905
La Plata County shared sales tax	3,854,966	-	-	-	-	3,854,966
La Plata County joint sales tax	1,979,176	-	-	-	-	1,979,176
Lodgers taxes	-	-	-	-	1,062,509	1,062,509
Cigarette tax	95,190	-	-	-	-	95,190
Franchise fees and occupational taxes	1,688,010	-	-	-	-	1,688,010
Special assessments	21,832	-	-	-	-	21,832
Intergovernmental	2,954,863	2,561,012	-	1,820,876	198,662	7,535,413
Licenses and permits	632,212	-	-	-	10,500	642,712
Charges for services	4,334,873	-	-	-	-	4,334,873
Fines and forfeitures	244,388	-	-	-	-	244,388
Investment earnings	93,925	54,564	2,957	17,002	30,156	198,604
Miscellaneous	956,369	40,367	-	25,730	331,517	1,353,983
Total Revenues	34,635,094	2,655,943	2,040,481	3,901,132	5,710,838	48,943,488
Expenditures						
Current:						
General government	7,017,556	742,378	-	-	54,598	7,814,532
Public safety	12,076,794	-	-	-	-	12,076,794
Public works	3,206,732	5,450,761	-	-	-	8,657,493
Parks and recreation	6,020,691	1,865,550	-	-	-	7,886,241
Library	2,123,310	-	-	-	-	2,123,310
Community services	1,432,160	-	-	-	-	1,432,160
Economic development	-	-	-	-	806,000	806,000
Non-departmental	1,586,592	-	-	-	-	1,586,592
Capital Outlay	-	-	-	3,088,627	-	3,088,627
Debt Service:						
Principal retirement	100,000	-	-	-	1,815,000	1,915,000
Interest and fiscal charges	91,000	-	-	-	966,091	1,057,091
Total Expenditures	33,654,835	8,058,689	-	3,088,627	3,641,689	48,443,840
Excess (Deficiency) of Revenues Over (Under) Expenditures	980,259	(5,402,746)	2,040,481	812,505	2,069,149	499,648
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	-	9,580,000	9,580,000
Payments to escrow agent	-	-	-	-	(10,409,413)	(10,409,413)
Sale of capital assets	2,395	-	-	-	-	2,395
Transfers in	567,490	2,945,000	660,000	1,385,870	3,756,637	9,314,997
Transfers out	(2,945,000)	(800,000)	(2,583,116)	(318,490)	(2,918,391)	(9,564,997)
Total Other Financing Sources (Uses)	(2,375,115)	2,145,000	(1,923,116)	1,067,380	8,833	(1,077,018)
Net Change in Fund Balances	(1,394,856)	(3,257,746)	117,365	1,879,885	2,077,982	(577,370)
Fund Balances Beginning of Year	8,055,339	9,402,798	(356,873)	1,662,343	2,071,901	20,835,508
Increase in Reserve for Inventory	5,906	-	-	-	-	5,906
Fund Balances (Deficit) End of Year	\$ 6,666,389	\$ 6,145,052	\$ (239,508)	\$ 3,542,228	\$ 4,149,883	\$ 20,264,044

See accompanying notes to the basic financial statements

City of Durango, Colorado
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2016

Net Changes In Fund Balances - Total Governmental Funds		\$ (577,370)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (7,070,779)	
Capital outlay	<u>10,065,222</u>	2,994,443
Governmental funds do not report contributed capital assets but they are reported on statement of activities		1,000,896
Government funds do not report the change in the investment in the joint venture but the change is reported on the statement of activity		2,387,802
The internal service funds used by management to charge the costs of the general services, equipment reserve, risk manager and self-insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		(73,249)
Elimination of transfers between governmental funds		
Transfers in	\$ (9,314,997)	
Transfers out	<u>9,314,997</u>	-
The increase in fund balance reserves for inventory are charged directly to the fund balances at the fund level but expenses are increased at the government-wide level.		5,906
Net Pension expense do not require the use of current financial resources and , therefore are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of :		
Pension Expense	\$ (394,254)	
Employer Contributions	<u>228,363</u>	(165,891)
Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/16	\$ (68,007)	
Liability @ 12/31/15	<u>91,363</u>	23,356
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		12,100,000
Amortization of bond premium is reported as an expense in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds		122,125
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/16	\$ (1,251,824)	
Liability @ 12/31/15	<u>1,246,464</u>	(5,360)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		<u>(9,580,000)</u>
Change In Net Position of Governmental Activities		\$ <u>8,232,658</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Assets						
Current Assets						
Equity in treasurer's cash and investments	\$ 11,421,265	\$ 6,932,517	\$ 458,611	\$ 1,803,302	\$ 20,615,695	\$ 3,962,773
Cash held with fiscal agent	-	15,475,236	-	-	15,475,236	-
Receivables						
Accounts	538,497	945,028	392,990	3,440	1,879,955	133,640
Intergovernmental	-	380,325	-	183,867	564,192	-
Inventory	94,281	5,511	-	-	99,792	337,475
Total Current Assets	12,054,043	23,738,617	851,601	1,990,609	38,634,870	4,433,888
Noncurrent Assets						
Note receivable	165,163	46,581,934	-	-	46,747,097	-
Capital Assets						
Land	6,575,919	307,368	89,622	3,886,835	10,859,744	67,889
Construction in progress	2,739,442	4,099,291	-	-	6,838,733	-
Depreciable capital assets, net	28,781,773	13,167,246	2,459,486	6,666,094	51,074,599	5,604,762
Total Noncurrent Assets	38,262,297	64,155,839	2,549,108	10,552,929	115,520,173	5,672,651
Total Assets	50,316,340	87,894,456	3,400,709	12,543,538	154,155,043	10,106,539
Liabilities						
Current Liabilities						
Accounts payable	354,135	897,847	36,364	21,819	1,310,165	490,585
Accrued payroll	42,499	39,490	22,799	65,017	169,805	24,914
Compensated Absences - due in one year	42,033	33,663	24,213	50,582	150,491	38,465
Interfund payable	-	-	-	-	-	380,000
Loan payable	179,663	2,284,385	-	-	2,464,048	-
Total Current Liabilities	618,330	3,255,385	83,376	137,418	4,094,509	933,964
Long Term Liabilities						
Compensated absences net of current portion	42,033	33,664	24,213	50,581	150,491	38,463
Loan payable net of current portion	3,280,555	59,915,615	-	-	63,196,170	-
Total Liabilities	3,940,918	63,204,664	107,589	187,999	67,441,170	972,427
Net position						
Net investment in capital assets	34,636,916	17,573,905	2,549,108	10,552,929	65,312,858	5,672,651
Unrestricted	11,738,506	7,115,887	744,012	1,802,610	21,401,015	3,461,461
Total Net Position - Fund Level	\$ 46,375,422	\$ 24,689,792	\$ 3,293,120	\$ 12,355,539	\$ 86,713,873	\$ 9,134,112

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Operating Revenues						
Charges for sales and services	\$ 6,088,731	\$ 7,260,261	\$ 2,261,480	\$ 2,048,400	\$ 17,658,872	\$ 7,124,221
Services provided	-	-	-	-	-	1,679,058
Miscellaneous	169,374	4,751	117,044	20,333	311,502	44,050
Total Operating Revenues	6,258,105	7,265,012	2,378,524	2,068,733	17,970,374	8,847,329
Operating Expenses						
Administration	376,819	270,913	-	256,806	904,538	231,948
Source of supply	1,929	-	-	-	1,929	-
Pumping	240,586	-	-	-	240,586	-
Transmission and distribution	1,089,630	-	-	-	1,089,630	-
Treatment	873,044	1,376,943	-	-	2,249,987	-
Meter reading and repairs	116,272	-	-	-	116,272	-
Parking operations	-	-	-	635,942	635,942	-
Collections	-	771,395	1,089,864	-	1,861,259	-
Recycling	-	-	441,506	-	441,506	-
Recycling center	-	-	304,024	-	304,024	-
Sustainability	-	-	94,550	-	94,550	-
Loop system	-	-	-	2,047,103	2,047,103	-
Multi-modal	-	-	-	94,805	94,805	-
Building maintenance	-	-	-	-	-	89,415
Equipment maintenance	-	-	-	-	-	1,423,032
Insurance claims and premiums	-	-	-	-	-	1,030,674
Medical claims and premiums	-	-	-	-	-	4,862,831
Non-departmental	668,389	105,209	105,467	83,588	962,653	-
Payment for services	420,150	210,225	221,355	96,656	948,386	-
Depreciation	1,162,890	734,711	141,202	556,889	2,595,692	1,271,623
Total Operating Expenses	4,949,709	3,469,396	2,397,968	3,771,789	14,588,862	8,909,523
Operating Income (Loss)	1,308,396	3,795,616	(19,444)	(1,703,056)	3,381,512	(62,194)
Non-Operating Revenues (Expenses)						
Gain (Loss) on the sale of capital assets	1,080	8,480	-	100,679	110,239	71,276
Interest expense	-	(192,685)	-	-	(192,685)	-
Intergovernmental grants	-	1,198,409	-	1,444,829	2,643,238	-
Investment earnings	78,200	35,592	2,522	13,801	130,115	31,042
Total Nonoperating Revenues (Expenses)	79,280	1,049,796	2,522	1,559,309	2,690,907	102,318
Income (Loss) Before Capital Contributions and Transfers	1,387,676	4,845,412	(16,922)	(143,747)	6,072,419	40,124
Capital contributions	2,698,735	115,914	-	-	2,814,649	-
Transfers in	6,622	-	-	363,373	369,995	-
Transfers out	-	(6,622)	-	-	(6,622)	(113,373)
Change in Net Position	4,093,033	4,954,704	(16,922)	219,626	9,250,441	(73,249)
Net Position Beginning of Year	42,282,389	19,735,088	3,310,042	12,135,913	77,463,432	9,207,361
Net Position End of Year	\$ 46,375,422	\$ 24,689,792	\$ 3,293,120	\$ 12,355,539	\$ 86,713,873	\$ 9,134,112

See accompanying notes to the basic financial statements.

City of Durango, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds					
	Water Utility	Sewer Utility	Sustainable Services	Transportation Services	Total	
Increase in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash received from customers	\$ 6,320,687	\$ 7,076,456	\$ 2,244,385	\$ 2,067,469	\$ 17,708,997	\$ 8,958,674
Cash payments to employees for services	(1,427,212)	(1,233,610)	(835,207)	(1,969,898)	(5,465,927)	(844,620)
Cash payments for goods and services	(2,170,825)	(915,771)	(1,391,076)	(1,305,996)	(5,783,668)	(885,213)
Cash payments for claims and premiums	-	-	-	-	-	(5,893,505)
Net Cash Provided by (Used in) Operating Activities	2,722,650	4,927,075	18,102	(1,208,425)	6,459,402	1,335,336
Cash Flows from Noncapital Financing Activities						
Decrease in note receivable	12,846	5,183	-	-	18,029	-
Decrease in loan payable	(176,210)	-	-	-	(176,210)	-
Intergovernmental revenue	-	1,060,719	-	1,444,829	2,505,548	-
Interfund payable	-	-	-	-	-	380,000
Transfers out	-	(6,622)	-	-	(6,622)	-
Transfers in	6,622	-	-	250,000	256,622	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(156,742)	1,059,280	-	1,694,829	2,597,367	380,000
Cash Flows from Capital and Related Financing Activities						
Plant investment fees	543,878	115,914	-	-	659,792	-
Capital transfer in	-	-	-	113,373	113,373	-
Capital transfer out	-	-	-	-	-	(113,373)
Cash held with fiscal agent	-	-	-	-	-	-
Increase in loan receivable	-	(46,532,078)	-	-	(46,532,078)	-
Proceeds from loan payable	-	62,200,000	-	-	62,200,000	-
Cash sales of capital assets	5,600	8,480	-	57,974	72,054	221,458
Payments for capital acquisitions	(1,462,954)	(3,336,414)	-	(637,369)	(5,436,737)	(1,324,725)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(913,476)	12,455,902	-	(466,022)	16,513,141	(1,216,640)
Cash Flows from Investing Activities						
Investment earnings	78,200	35,592	2,522	13,801	130,115	31,042
Net Increase in Cash and Cash Equivalents	1,730,632	18,477,849	20,624	34,183	20,263,288	529,738
Cash and Cash Equivalents, Beginning of Year	9,690,633	3,929,904	437,987	1,769,119	15,827,643	3,433,035
Cash and Cash Equivalents, End of Year	\$ 11,421,265	\$ 22,407,753	\$ 458,611	\$ 1,803,302	\$ 36,090,931	\$ 3,962,773
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ 1,308,396	\$ 3,602,931	\$ (19,444)	\$ (1,703,056)	\$ 3,188,827	\$ (62,194)
Adjustments:						
Depreciation	1,162,890	734,711	141,202	556,889	2,595,692	1,271,623
(Increase) Decrease in Assets:						
Accounts receivable	62,582	(188,556)	(134,139)	(1,264)	(261,377)	(88,636)
Inventory	60,753	(4,714)	-	-	56,039	(33,489)
Increase (Decrease) in Liabilities:						
Accounts payable	94,593	759,327	12,410	(91,587)	774,743	228,879
Accrued wages	33,436	23,376	18,073	30,593	105,478	19,153
Net Cash Provided by (Used in) Operating Activities	\$ 2,722,650	\$ 4,927,075	\$ 18,102	\$ (1,208,425)	\$ 6,459,402	\$ 1,335,336
Non-cash Investing, Capital and Financing Activities:						
Contributed capital assets	\$ 2,154,857	\$ -	\$ -	\$ -	\$ 2,154,857	\$ -

See accompanying notes to the basic financial statements

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies

The City of Durango is a municipal corporation governed by an elected five-member council. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government and component unit that is included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A description of the discretely presented component unit follows:

Durango Conference Center Business Improvement District (the District) – the District was formed for the purpose of developing a conference center in the City. The District encompasses commercial properties in a defined area. The members of the District's governing board are appointed by the City Council. The District is fiscally dependent on the City because the City Council must approve the operating plan and budget on an annual basis pursuant to the state statutes authorizing the formation of the District. The District is reported on the government-wide statements as a governmental fund. The District reports only a general fund, with property taxes being the primary source of revenue. Separate financial statements are not issued by the District.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City and its discretely presented component unit at year-end. Neither fiduciary funds nor component units fiduciary in nature are included.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Colorado.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund – This fund accounts for the financial resources used for the acquisition and/or construction of major capital improvements included in the City capital improvement program.

Capital Improvements Fund - To account for fifty percent of the one-half cent sales and use tax revenues voted on and adopted by the electorate in April 2005. These revenues may only be used to finance capital improvements. The tax sunsets in 2026.

Parks, Open Space, Trails Fund - To account for fifty percent of the one-half cent sales and use tax revenues voted on and adopted by the electorate in April 2005. These revenues may only be used to finance improvements or acquiring parks, open space and trails. The tax sunsets in 2026.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The following are the City's major enterprise funds:

Water Utility Fund – This fund accounts for revenues and expenses associated with providing water services to the City's residents and some county residents.

Sewer Utility Fund - This fund accounts for revenues and expenses associated with providing waste water treatment services to residents of the City and some county residents.

Sustainable Services Fund - This fund accounts for revenues and expenses associated with refuse collection and recycling operations.

Transportation Services Fund - This fund accounts for revenues and expenses associated with the operations of the City's parking program, including enforcement and facilities maintenance and to account for revenues and expenses associated with providing mass transportation within the City.

Additionally the City reports the following fund types:

The *internal service funds* provide support services to other City departments including vehicle and equipment maintenance, warehousing, building and plant supervision, equipment replacement, risk management and self-insurance. The four internal service funds are the General Services Fund, the Capital Equipment Reserve Fund, the Risk Manager Fund and the Self Insurance Fund.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

(i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statements of net position. The statements of changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used, or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized. The City defines availability for intergovernmental revenues as 120 days and all others as 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On the governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred outflows of resources.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on statements of net position or balance sheets as "Equity in treasurer's cash and investments," "Restricted assets - cash and investments" and "Cash held in escrow."

Equity in Treasurer's Cash and Investments - The City maintains a centralized bank account to maximize investment yields. Cash balances are pooled and invested. Investment income earned is allocated to the funds based on each fund's percentage ownership. Cash with fiscal agent is held separately and not pooled with other cash.

For the purposes of cash flow statements, cash and cash equivalents include "equity in treasurer's cash and investments," "cash held in escrow," and "restricted cash and investments" as held by enterprise funds. Each fund has an interest in the pool that is available upon demand. Interest in the pool has been recorded consistent with any other demand deposits or investments with a maturity of three months or less.

Investments are reported at fair value based on valuation techniques discussed in Note 3-A with disclosures on the level of the fair value hierarchy based on inputs from the valuation technique. Investments in governmental external investment pools are reported at amortized cost and are not subject to the fair value hierarchy.

The City Charter authorizes the City to invest in any manner that is then permitted by the statutes of Colorado.

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2016.

The City was awarded a Community Development Block Grant in 1983. The grant proceeds were distributed as loans to qualifying businesses and residents. The loan receivable is recorded in the Revolving Loan Fund, a special revenue fund, net of the allowance for estimated loan losses. The allowance is management's best estimate based on past collection experience.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as "internal balances."

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are also expensed when consumed.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reflected as nonspendable as this amount is not available for general appropriation.

1-E-6 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the City fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities columns of the government-wide statement of net position and in the enterprise funds' statements of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20-75 years
Equipment	3-20 years
Utility System Infrastructure and Improvements	30-100 years
Public Domain Infrastructure	10-50 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies as a deferred outflow of resources. A deferred outflow of resources related to pensions have been recorded as of December 31, 2016, which consists of two components: 1) contributions subsequent to measurement date; and 2) a change in investment earnings. See Note 31 for additional information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item which is considered a deferred inflow of resources. Property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected are recognized in the financial statements.

1-E-8 Compensated Absences

Governmental Funds – As of January 1, 2006 the City implemented a “Paid time off” (PTO) policy. Benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only “when due.”

Proprietary Funds -- Accumulated paid time off at December 31, 2016, for employees of the proprietary funds have been accrued. These compensated absences are recognized as current salary costs when earned in the proprietary funds.

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and capital leases are recognized as a liability in the governmental activities on the government wide financial statements.

1-E-10 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure/expense.

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents assets and deferred outflows of resources minus liabilities and deferred inflows of resources and is shown only in governmental fund statements. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

extent of constraints on those amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid items.

Restricted Fund Balance – is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws, or regulation of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – is constrained for a specific purpose by resolution or ordinance adopted by the City Council, and can be rescinded only through the same type of formal action used to establish the original commitment. Resolutions and ordinances are equally binding.

Assigned Fund Balance – is constrained for specified purposes by the City Manager or his designee as authorized by the City Council.

Unassigned Fund Balance – is unconstrained and comprised of residual uncategorized fund balance amounts. The General Fund is the only fund that reports a positive unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, restricted amounts are deemed to be used first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then by unassigned amounts.

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. These revenues are charges for services to external customers for water, sewer, sustainable services, transit and parking.

Revenues to internal customers for services are for vehicle and equipment maintenance, centralized purchasing, warehousing, building and plant supervision, equipment replacement and self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund.

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets and plant investment fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. The interfund services provided and used are not eliminated in the process of consolidation. Transfers between funds reported in the business-type activities column are eliminated.

1-E-15 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-16 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The governmental fund budgets are adopted on a basis consistent with GAAP. Adopted budgets for enterprise and internal service funds are presented on a non-GAAP basis. The nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis is as follows:

Formal budgetary integration is employed as a management control device during the year for the general fund, all special revenue funds, (with the exception of the revolving loan fund), the capital projects fund and all proprietary fund types (with the exception of the self-insurance fund). Budgetary control for funds not formally budgeted is alternatively achieved through financial management plans or as the result of established ordinances.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires City Council approval.

All unexpended annual appropriations lapse at year-end.

The City Council may authorize additional appropriations during the budget year for expenditures required, but not in excess of the amount that actual revenues exceed budgeted revenues and unappropriated surplus for that fund. The City Manager may transfer any unencumbered appropriation balance or portion thereof from one classification of expenditure to another within the same department, office or agency. At the request of the City Manager, the City Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department, office or agency to another. The City Council made several additional appropriations during the year.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Stewardship, Compliance and Accountability- (Continued)

2-B. Capital Improvement Fund Fund Balance- The Capital Improvement Fund fund balance at December 31, 2016 was a negative \$239,508. This shortfall relates to reduced revenues in the Road Impact Fee Fund to cover the budgeted interfund transfer for 2016. This shortfall will be covered in the ensuing year.

2-C. Self-Insurance Fund Fund Balance- The Self Insurance Fund fund balance at December 31, 2016 was a negative \$638,469. This shortfall relates to large medical claims in December of 2016. This shortfall will be covered in the ensuing year.

2-D. GASB Statement No. 72 Implementation- For the year ended December 31, 2016, the City adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statement periods beginning after June 15, 2015. GASB Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

Note 3- Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Statutes require that any public depository which accepts and holds public funds maintain, as security for public deposits accepted and held by it, not insured by federal depository insurance, eligible collateral having a market value, at all times, equal to at least one hundred and two percent of the amount of public deposits. Banking institutions are monitored by the State of Colorado Banking Commission and must report monthly on all public deposits held. Pledged collateral must be held in joint custody of the bank and the State of Colorado Banking Commission in accordance with the Public Deposit Protection Act in a safekeeping account held by a third party, usually the Federal Reserve Bank. The pledged collateral cannot be released unless approval is obtained by the banking commission.

Investments – Colorado revised statutes and the City's investment policy specifies investment instruments meeting defined rating and risk criteria in which the City may invest:

- United States Treasury Obligations
- United States Government Agency and Instrumentality Obligations
- Certificates of Deposits
- Commercial Paper
- Investment-grade Obligations of State
- Repurchase Agreements
- Money Market Mutual Funds
- Local Government Investment Pools

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the City's investment policy states that the City will minimize the interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City investment policy states that the weighted average maturity of the portfolio shall be no greater than 3 years, and all investments shall have a final maturity not exceeding five years from the date of purchase.

Credit Risk - The City's investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The City's investment policy limits investments in fixed income securities to U.S. Treasury Bills; U.S. Government Agencies; Certificates of Deposit; Commercial Paper; Investment-grade Obligations of State; Repurchase Agreements; Money Market Mutual Funds; and Local Government Investment Pools. The investment policy limits investments in commercial paper to be rated A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch at the time of purchase.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

As of December 31, 2016, the City had \$2,913,554 invested in the Colorado Local Governments Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating Colotrust. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. Colotrust is rated AAAM by Standards and Poor's.

Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

As of December 31, 2016, the City had \$240,241 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating CSAFE. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. CSAFE is rated AAAM by Standards and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

As of December 31, 2016 the City was invested in Federal Home Loan Bank, Fannie Mae, Freddie Mac, and Federal Farm Credit Bank. As of December 31, 2016 the City had the following investments and maturities:

Investment Type	Investment Maturities (in Years)			Fair Value	Percentage
	S&P Rating	Less Than 1 Year	1 - 5 Years		
FEDERAL FARM CR BKS	AA+	-	5,906,786	5,906,786	19%
FEDERAL HOME LN MTG CORP	AA+	4,003,802	4,942,554	8,946,356	28%
FEDERAL HOME LOAN BANKS	AA+	-	5,954,762	5,954,762	19%
FEDERAL NATL MTG ASSN	AA+		7,929,729	7,929,729	25%
Colotrust	AAAm	2,913,554	-	2,913,554	8%
CSAFE	AAAm	240,241	-	240,241	1%
Total		<u>\$ 7,157,597</u>	<u>\$ 24,733,831</u>	<u>\$ 31,891,428</u>	

Investments \$ 31,891,428

Reconciliation to Total Deposits and Investments

Add:

Cash on Hand and in Banks	7,210,013
Component Unit	<u>235,767</u>
Cash and Investments	235,767

Restricted Cash and Investments

Cash held with fiscal agent	15,475,236
Investment in ICMA	49,794
Investment in Empower Retirement	<u>79,647</u>
Restricted Cash and Investments	<u>15,604,677</u>

Total Cash and Investments	<u><u>\$ 54,941,885</u></u>
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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The carrying amounts of deposits and investments are reflected in the accompanying financial statements as:

Cash & Investment Reconciliation:

	Cash and Cash Investments
Fund Reporting Level:	
Governmental Funds - Cash on hand	\$ 18,600
Governmental Funds - Equity in treasurer's cash and investments	14,124,440
Governmental Funds - Cash held in escrow	509,374
Proprietary Fund Type Statement of Net Position - Enterprise Funds	36,090,931
Proprietary Fund Type Statement of Net Position - Internal Service Funds	3,962,773
Cash and investments - Component Unit	235,767
Total	<u>\$ 54,941,885</u>
Government-wide Level:	
Cash and investments - primary government	\$ 54,706,118
Cash and investments - Component Unit	235,767
Total	<u><u>\$ 54,941,885</u></u>

Concentration of Credit Risk – It is the intent of the City to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The City's policy specifies that no more than 50 percent of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury. No more than 10 percent of the portfolio may be invested in each of the following categories of securities:

- Commercial paper
- Negotiable certificates of deposit
- Banker's acceptance
- Obligations not fully collateralized or insured

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice. The City's total portfolio was within these limits for the year ended December 31, 2016. Restricted cash and assets are those assets that are restricted by voter restriction or restricted legally by state statutes or city code of ordinances.

Fair Value – The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices; Level 3 inputs are significant unobservable inputs.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The City has the following fair value measurements as of December 31, 2016:

	12/31/2016	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Federal Home Loan Bank	\$ 5,954,762	\$ -	\$ 5,954,762	\$ -
Federal Farm Credit Banks	5,906,786	-	5,906,786	-
Federal home Loan Mortgage Corporation	8,946,356	-	8,946,356	-
Federal National Mortgage Association	7,929,729	-	7,929,729	-
Total investments by fair value level	<u>\$28,737,633</u>	<u>\$ -</u>	<u>\$28,737,633</u>	<u>\$ -</u>
Investments measured at NAV				
COLOTRUST	<u>\$ 2,913,554</u>			
Investments measured at amortized cost				
CSAFE	<u>\$ 240,241</u>			
Total Investments	<u><u>\$31,891,428</u></u>			

3-B. Receivables

Receivables at December 31, 2016, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

Property taxes as set by the City Council are collected by the County Treasurer. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represents 2016 taxes levied and budgeted for calendar 2017 and collectible in calendar 2017. This amount also is reflected as deferred inflow of resources at the fund financial reporting level and the government-wide financial reporting level. Following are details of the property tax calendar:

Lien date	January 1 (current year)
Levy date	December 15 (prior year)
First half installment due	February 29
Second half installment due	June 15
If paid in full	May 2

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities, including internal service funds, for the year ended December 31, 2016, were as follows:

	Balance 1/1/2016	Additions	Deductions	Balance 12/31/2016
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 28,696,147	\$ 374,144	\$ -	\$ 29,070,290
Construction in progress	16,533,186	3,349,944	12,241,549	7,641,581
Total capital assets not being depreciated	<u>45,229,333</u>	<u>3,724,088</u>	<u>12,241,549</u>	<u>36,711,871</u>
Other capital assets:				
Buildings	44,127,643	1,405,112	-	45,532,755
Improvements	1,101,610	-	-	1,101,610
Equipment	19,492,886	1,793,625	770,266	20,516,245
Infrastructure	<u>197,335,242</u>	<u>17,735,466</u>	<u>-</u>	<u>215,070,708</u>
Total depreciable capital assets	<u>262,057,381</u>	<u>20,934,203</u>	<u>770,266</u>	<u>282,221,318</u>
Accumulated depreciation:				
Buildings	11,573,036	895,175	-	12,468,211
Improvements	786,017	38,686	-	824,703
Equipment	10,987,127	1,768,676	594,183	12,161,620
Infrastructure	<u>100,426,800</u>	<u>5,639,865</u>	<u>-</u>	<u>106,066,665</u>
Total accumulated depreciation	<u>123,772,980</u>	<u>8,342,402</u>	<u>594,183</u>	<u>131,521,199</u>
Total depreciable capital assets, net	<u>138,284,401</u>	<u>12,591,801</u>	<u>176,083</u>	<u>150,700,119</u>
Governmental activities capital assets, net	<u>\$ 183,513,734</u>	<u>\$ 16,315,889</u>	<u>\$ 12,417,632</u>	<u>\$ 187,411,990</u>

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The following are the changes in the business-type activities, excluding internal service funds, for the year ended December 31, 2016.

	Balance 1/1/2016	Additions	Deductions	Balance 12/31/2016
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 5,007,011	\$ -	\$ -	\$ 5,007,011
Water Rights	5,852,732	-	-	5,852,732
Construction in progress	2,521,902	4,365,952	49,119	6,838,734
Total capital assets not being depreciated	13,381,645	4,365,952	49,119	17,698,477
Depreciable capital assets:				
Buildings	21,362,443	-	-	21,362,443
Equipment	7,115,438	965,104	495,653	7,584,889
Infrastructure	58,228,963	2,309,656	-	60,538,619
Total depreciable capital assets	86,706,844	3,274,760	495,653	89,485,951
Accumulated depreciation:				
Buildings	11,421,755	547,979	-	11,969,734
Equipment	4,498,330	595,932	456,584	4,637,678
Infrastructure	20,352,161	1,451,782	-	21,803,943
Total accumulated depreciation	36,272,246	2,595,692	456,584	38,411,355
Total depreciable capital assets, net	50,434,598	679,067	39,069	51,074,599
Business-type activities capital assets, net	\$ 63,816,243	\$ 5,045,019	\$ 88,188	\$ 68,773,076

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities depreciation expense is allocated as follows:

General government	\$	1,677,062
Public Safety		145,077
Public Works		4,974,122
Library		389,288
Parks and Recreation		1,156,853
Total governmental activities depreciation expense	\$	<u><u>8,342,402</u></u>

Business-type activities depreciation expense is allocated as follows:

Water	\$	1,162,890
Sewer		734,711
Sustainable Services		141,202
Transportation Services		556,889
Total business-type activities depreciation expense	\$	<u><u>2,595,692</u></u>

3-E. – Interfund Balances and Transfers

Interfund balances at December 31, 2016, the \$465,000 interfund receivable from the general fund to the capital improvement fund relates to a short term cash loan that will be paid back to the general fund in January 2017. The \$380,000 interfund receivable from the general fund to the self-insurance fund relates to a short term cash loan that will be paid back to the general fund in early 2017.

	Interfund Receivable	Interfund Payable
Capital Improvement fund	\$ -	\$ 465,000
Self-Insurance fund	-	380,000
General fund	<u>845,000</u>	<u>-</u>
Total	<u><u>\$ 845,000</u></u>	<u><u>\$ 845,000</u></u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfers From								
Transfers to	General Fund	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space, Trails Fund	Non-major Governmental Funds	Internal Service Funds	Sewer Fund	Total
General fund	\$ -	\$ -	\$ -	\$ 318,490	\$ 249,000	\$ -	\$ -	\$ 567,490
Capital projects fund	2,645,000	-	-	-	300,000	-	-	2,945,000
Capital improvements fund	300,000	-	-	-	360,000	-	-	660,000
Parks, open space trails fund	-	800,000	-	-	585,870	-	-	1,385,870
Non-major governmental funds	-	-	2,583,116	-	1,173,521	-	-	3,756,637
Water fund	-	-	-	-	-	-	6,622	6,622
Transportation services fund	-	-	-	-	250,000	113,373	-	363,373
	<u>\$ 2,945,000</u>	<u>\$ 800,000</u>	<u>\$ 2,583,116</u>	<u>\$ 318,490</u>	<u>\$ 2,918,391</u>	<u>\$ 113,373</u>	<u>\$ 6,622</u>	<u>\$ 9,684,992</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. Certain capital assets were transferred between proprietary type funds.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

3-F. Compensated Absences

All permanent employees of the City are permitted to accumulate a maximum carryover of accrued PTO for any employee in the amount of two times the accrual rate in effect for that employee. Maximum carryover for employees with 20 years of service or more is 62 days (496) hours. In the event an employee reaches their maximum accrued PTO, they will no longer accrue PTO until their PTO balance is brought below their maximum accrual.

3-G. Operating Leases

On June 1, 1999, the City entered into a lease agreement as lessee with LaPlata County for a 6.8-acre tract of land at the north end of the county owned fairgrounds. This is the location on which the City constructed the Durango Community Recreation Center. The lease is for an initial term of ninety-nine years commencing on June 1, 1999 and ending on May 31, 2098 and calls for annual lease payments of one dollar. The \$99 lease payment for the initial term was paid in June 1999 under the terms of the lease agreement.

On July 16, 2001, the City entered into a lease agreement as lessee with the State of Colorado Department of Natural Resources Division of Wildlife and Wildlife Commission for a 3.338-acre tract of State owned land and the lease was extended for another 10 years on December 9, 2011. The City has located a radio antenna tower and associated improvements on the property. The lease terminates on December 31, 2021 and calls for annual rental payments. The annual payments are calculated annually by the Habitat Manager to reflect changes in fair market value, annual adjustments using the Consumer Price Index – Denver (CPI-U), and changes in tenant occupancy. At termination of the lease, the City must remove the antenna tower and all improvements. The lease does not meet the criteria of a capital lease. Future minimum lease payments for this lease cannot be determined with certainty as they are calculated annually using the above referenced formula. It is expected that they will approximate \$1,000 annually.

On June 6, 2001, the City entered into a sub-lease agreement as lessor with Alamosa Properties, L.P. for the use of a portion of the land leased by the City from the Colorado Division of Wildlife described above. The premises are located at the Smelter Mountain Site, comprise approximately four hundred square feet and may be used by the sub-lessee for the provision of communications services. The lease calls for annual payments of \$20,000 for the first year with 3% annual increases for subsequent years. The initial term is for five years and may be extended for four successive five-year periods. In 2008 and in 2013, this lease was automatically renewed for another 5 years. This lease is subject to earlier termination if the City's lease with the State were to be terminated. The premises leased include space on the City's radio tower. The radio tower did not meet the City's criteria for capitalization and is not being depreciated.

On June 6, 2001, the City entered into a lease as lessor with Alamosa Properties, L.P. for use of City premises to locate a telecommunications antenna. The premises are located at the Junction Creek Water Tank and allow for the use of approximately two hundred square feet of land and space on the water tower. The initial term of the lease is five years with the option to renew for four additional periods of five years. In 2008 and in 2013, this lease was automatically renewed for another 5 years. The lease calls for an annual rent payment of \$20,000 for the first year with 3% annual increases each year thereafter. The premises leased include space on an existing water tower and land on which to put a removable building.

On November 20, 2003, the City entered into a sub-lease agreement as lessor with Cellular Inc. Network Corporation, d/b/a Verizon Wireless, for a small area of land and space on the City's radio antenna tower. The lessee built a small building and placed equipment on the tower. At termination of the lease, the lessee must remove the building and equipment. The lease calls for annual payments of \$20,600 for the first year with 3% annual increases for subsequent years. The term of the lease is for ten years beginning on October 1, 2003 and ending on September 30, 2013. The lease is subject to earlier termination if the City's lease for the site with the State of Colorado Department of Natural Resources changes or is terminated. The lease agreement does not meet the criteria of a capital lease. The radio tower on which the space is rented did not meet the City's criteria for capitalization and is not being depreciated.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

On August 31, 2004, the City entered into a lease as lessor with Cellular Inc. Network Corporation, d/b/a Verizon Wireless for use of City premises to locate a telecommunications antenna. The premises are located at the Junction Creek Water Tank and allow for the use of approximately six hundred square feet of land and space on the water tower. The initial term of the lease is five years with the option to renew for four additional periods of five years. In 2014, this lease was automatically renewed for another 5 years. The lease calls for an annual rent payment of \$20,600 for the first year with 3% annual increases each year thereafter. The premises leased include space on an existing water tower and land on which to put a removable building.

On March 7, 2005, the City entered into a lease agreement as lessor with Alamosa Properties, L.P. for use of City premises to operate and maintain a radio communications facility. The premises are located at the City Service Center and allow for the use of approximately four hundred and five square feet. The initial term of the lease is five years with the option to renew for four additional periods of five years. The lease calls for an annual rent payment of \$20,600 for the first year with 3% annual increases each year thereafter. This is a ground lease for a small portion of land and is not being depreciated.

On April 5, 2007, the City entered into a lease agreement as lessor with CommNet Four Corners, LLC. for use of City premises to operate and maintain a radio communications facility. The premises are located at the Junction Creek Water Tank. The initial term of the lease is five years with the option to renew for four additional periods of five years. In 2012, this lease was automatically renewed for another 5 years. The lease calls for an annual rent payment of \$20,000 for the first year with 3% annual increases each year thereafter. The premises leased include space on an existing water tower and land on which to put a removable building.

On September 20, 1983, the City entered into a lease agreement with Southwest Colorado Community Corrections Center, Inc. for a 1.2-acre tract of City-owned land. The original lease was for a period of twenty years commencing on September 19, 1983. Conditions of the lease included that the lessee must construct a community corrections facility on the demised property. This has been accomplished and the building has been recognized in the City's general capital assets. In conjunction with the lease the City of Durango issued and sold Anticipation Warrants to aid in the financing of the facility. The lease payments were sufficient to cover principal and interest payments on the Anticipation Warrants as they became due. All outstanding warrants have been retired. All improvements constructed on the property become property of the City. On December 5, 1989, the City expanded the provisions of the original lease to provide for an additional 10 years, which brings the term of the lease through September 18, 2013. In addition, the amended lease agreement authorizes expansion of the premises. On July 17, 2012, the City entered a new lease agreement with Southwest Colorado Community Corrections Center, Inc. The new lease encompasses a 2.4-acre tract of City-owned land. The lease is for a period of twenty years ending in 2032 and may be extended for two five year periods. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The cost of the assets being leased was \$189,488. The carrying amount of the assets was \$60,636 at December 31, 2016. Depreciation taken during 2016 was \$3,790.

On July 17, 2012, the City entered into a lease agreement with the Regional Housing Alliance of La Plata County for a parcel of land adjacent to Avenida del Sol owned by the City to provide housing assistance for the Durango community. The lease is for a term of twenty years commencing on July 17, 2012, and terminating July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The parcel did not meet the City's criteria for capitalization.

On July 17, 2012, the City entered into a lease agreement with Housing Solutions for the Southwest for a parcel of land adjacent to Avenida del Sol owned by the City to operate transitional housing for the Durango community. The lease is for a term of twenty years commencing on July 17, 2012, and terminating July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The parcel did not meet the City's criteria for capitalization.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

On December 31, 1999, the City entered into a lease agreement with the Volunteers of America for a City-owned parcel of land with an existing building for purposes of operating a shelter. The lease commences on January 1, 2000 and extends until December 31, 2019, subject to annual review and renewal by the parties. On July 17, 2012 the City entered into a new lease agreement with Volunteers of America. The lease is for a term of twenty years commencing on July 12, 2012, and terminating on July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The carrying value of the leased asset was \$53,645 at December 31, 2016 with a cost of \$81,295 and current year depreciation of \$1,638.

On October 11, 2001 the City entered into a lease agreement with Manna-The Durango Soup Kitchen, Inc., as the lessee, for a parcel of land adjacent to Avenida del Sol owned by the City on which a soup kitchen facility will be constructed by the organization. The leased premises may only be used for the construction and operation of a community soup kitchen for purposes of providing meals to those in need. The lease is for a term of twenty years commencing on November 1, 2001 and terminating October 31, 2021 with no renewal option. On July 17, 2012, the City entered into a new lease agreement with Manna-The Durango Soup Kitchen that increased the size of the parcel of land to add an addition to their facility. The lease is for a term of twenty years commencing on July 17, 2012, and terminating July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The parcel did not meet the City's criteria for capitalization.

On May 27, 2004 the City entered into a lease agreement with Community Connections, Inc. for a City-owned property described as Lot 2, Holly Avenue. The lease is for a twenty year term terminating December 31, 2023. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The parcel did not meet the City's criteria for capitalization.

On April 17, 2007 the City entered into a lease agreement with Durango 4-C Council Tri-County Head Start Program. The term was extended until December 31, 2016 in December of 2012. Currently a month to month lease is in place with an extension to be signed in 2017. The lessee shall pay to the City \$25,500 per year or monthly installments of \$2,125. Lessee shall use and occupy the premises for the Head Start Programs and Administration.

On May 29, 2007 the City entered into a lease agreement with the Children's Museum of Durango d/b/a the Durango Discovery Museum for a City-owned property known as the Power Plant located in the northern section of the Central Business District. The lease is for a term of twenty-five years commencing on May 29, 2007, and terminating May 30, 2032 with the option to renew for additional periods of ten years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty-five year term was payable in advance upon execution of the agreement. The carrying value of the leased assets is \$884,330 with a cost of \$1,146,724 and current year depreciation of \$34,005.

On August 14, 1995 the City entered into a lease agreement with La Plata Youth Services for a City-owned property at 2301 Main Ave, also known as the A-frame building. The original lease was for a term of two years terminating in 1997 with the option to renew every two years. On December 3, 2013, an amended lease began for a term of one year terminating on December 3, 2014 with the option to renew each year. This lease is currently on a month to month contract. The consideration for the lease is an annual rental of \$1 per year. The parcel did not meet the City's criteria for capitalization.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

On March 1, 2012, the City entered into a lease agreement as lessee with Griffith Properties, LLC. Use of the building including four parking spaces located at 802 Main Avenue. The City will use the property as the Durango Welcome Center. The lease is for a term of four years commencing on March 1, 2012, and terminating February 29, 2016 with the option to renew for two three year terms. In 2016, this lease was renewed for an additional 3 years terminating on February 29, 2019. The lease calls for monthly payments of \$4,200 for the first year with 3.5% annual increases for subsequent years.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Durango Business Improvement District (BID) for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012, and terminating December 31, 2015 with the option to renew for two three year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Durango Area Tourism Office, Inc. for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012, and terminating December 31, 2015 with the option to renew for two three year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Fort Lewis College for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012, and terminating December 31, 2015 with the option to renew for two three year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Durango Area Tourism Office, Inc. for office, conference, and work space located on the first and second floors of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012, and terminating December 31, 2015 with the option to renew for two three year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years.

On June 1, 2014, the City entered into a lease agreement as a lessor with the Durango Gun Club for the property located at 590 Florida Rd. The lease commences on June 1, 2014 and extends for one year to May 31, 2015. The lease will automatically be extended for successive one year terms unless notice is provided by either party of intent not to renew. No rent shall be due under this lease.

On February 6, 2012, the City entered into a lease agreement as a lessor with the Durango & Silverton Narrow Gauge Railroad Company for a City-owned parcel of land consisting of 62,500 feet located at the corner of Camino del Rio and West College Drive as Narrow Gauge Avenue to be used as a parking lot. The lease commences on February 6, 2012 and extends until February 6, 2015. The lease was renewed for an additional three years and extends until February 6, 2018. The lease calls for an annual rent payment of \$25,000 due on or before February 6th of each year. This is a ground lease for a small portion of land and is not being depreciated.

On February 6, 2002, the City entered into a lease agreement as a lessee with the Durango & Silverton Narrow Gauge Railroad Company for use of the property known as Narrow Gauge Avenue consisting of approximately 132 parking spaces. The lease commences on February 6, 2012 and extends for a period of 99 years. The lease calls for an annual payment of \$47,520 that is adjusted annually based on the Consumer Price Index.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

On August 1, 2016 the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for 10 parking spaces located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 1, 2016 and extends for ten months to May 31, 2017. The lease calls for a lump sum rent payment of \$2,550 due at least 5 days prior to distribution of passes for the spaces.

On August 1, 2015, the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for a 30 parking spaces located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 1, 2015 and extends for ten months to May 31, 2016. The lease calls for a lump sum rent payment of \$7,650 due at least 5 days prior to distribution of passes for the spaces.

On June 1, 2014, the City entered into a lease agreement as a lessor with Trails 2000 for 399 square feet of office space located in the Carnegie Building at 1188 E 2nd Avenue. The lease commences on June 1, 2014 and extends for one year to June 1, 2015 with the option to renew for five one year terms. In 2016, this lease was renewed for one more year. The consideration for the lease is an annual rental of \$1 per year.

On June 19, 2014, the City entered into a lease agreement as a lessor with the Southern Ute Community Action Program for counter space located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 1, 2014 and extends for one year to July 31, 2015 with the option to renew for two one year terms. In 2015, this lease was renewed and amended for a term of five years with the option to renew for one five year term. The lease calls for monthly payments of \$557 for the first year with 3% annual increases for each year thereafter.

On October 24, 1985, the City entered into a lease agreement as a lessor with Durango Chamber of Commerce for the building and property located at 111 S Camino del Rio. The lease commences on October 24, 1985 and extends for thirty years to October 31, 2015. In 2015, this lease was renewed for one twenty year term. The consideration for the lease is an annual rental of \$1 per year. Payment for the entire term was received at the commencement of the lease.

On November 12, 2013, the City entered into a lease agreement as a lessor with the Southwest Colorado Council of Governments for 528 square feet of office space located in the Carnegie Building at 1188 E 2nd Avenue. The lease commences on November 12, 2013 and extends for one year to November 12, 2014 with the option to renew for one year. In 2014, the lease was renewed for one more year. In 2015, a new lease was entered into with the same terms. The consideration for the lease is an annual rental of \$1 per year.

On February 15, 2015, the City entered into a lease agreement as a lessor with Flexible Flyers Rafting for the property located at Roosa Ave and 9th St for commercial river outfitter services. The lease commences on February 15, 2015 and extends for one year with the option to renew for three one year terms. The lease calls for a lump sum rent payment of \$2,250 due by May 15th of each contract year.

On April 10, 2007, the City entered into a lease agreement as a lessor with the Four Corners Gem and Mineral Club for a City-owned parcel of land consisting of approximately 40 square feet located within Brookside Park. The lease commences on May 5, 2007 and extends until May 5, 2017. The consideration for the lease is a rental of \$5 due with the execution of the lease. This is a ground lease for a small portion of land and is not being depreciated.

On May 31, 2007, the City entered into a lease agreement as a lessee with the State of Colorado through the Colorado Department of Transportation for use of 25 square feet of area on the rooftop of the Colorado State Patrol building at 20591 Hwy 160 to install and operate a radio antenna. The lease commences on July 1, 2007 and extends for a period of 10 years to July 1, 2017. The consideration for the lease is a rental of \$0.

On December 1, 1988, the City entered into a lease agreement as a lessee with the State of Colorado through the Colorado Department of Transportation for use of two parcels of land consisting of approximately 14.5 acres and 3.1 acres known as Santa Rita Park. The lease commences on December 1, 1988 and extends for a period of 20 years to December 1, 2018. The consideration for the lease is a rental of \$100 for the term of the lease.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

On January 6, 2014, the City entered into a lease agreement as a lessee with the Bureau of Land Management for use of a parcel of land consisting of approximately 3.859 for the extended detention basin located at 32nd St and Holly Ave. The lease commences on January 6, 2014 and extends for a period of 5 years to January 2019. The consideration for the lease is a rental of \$25 per year.

On March 11, 2015, the City entered into a lease as lessor with Cellular Inc. Network Corporation, d/b/a Verizon Wireless for use of City premises to locate a telecommunications antenna. The premises are located at the Hillcrest Golf Course. The lease commences on March 11, 2015 and extends for five years with the option to renew for four additional periods of five years. The lease calls for an annual rent payment of \$20,600 for the first year with 3% annual increases each year thereafter.

On September 25, 2015, the City entered into a lease as lessor with EICB-TV East for use of City premises to locate a telecommunications equipment. The premises are located at City Hall in the TV control room and also on Smelter Mountain. The lease commences on September 30, 2015 and extends for five years with the option to renew for four additional periods of five years. The consideration for the lease is a rental of \$100 per month.

On February 1, 2011, the City entered into a lease agreement as a lessee with the State of Colorado through the Board of Trustees for Fort Lewis College for use in three phases of three parcels, multi-use fields, softball complex, and six tennis courts. The lease commences on February 1, 2011 and extends for a period of 25 years to January 31, 2036. The term will be extended through January 31, 2046 upon satisfactory completion of Phase I and II and additionally extended through January 31, 2056 upon satisfactory completion of Phase II and III. The lease may then be renewed for one additional five year term. The consideration for the lease is a rental of \$1 for each year of the lease. Payment for the entire term was received at the commencement of the lease.

On January 24, 2002, the City entered into a lease as lessor with Springtree Village Apartments of Durango for use of City premises to construct, own, and operate affordable housing for low and moderate income seniors. The premises are located at 32nd St and Holly Ave, and 31st St and W Holly Ave. The lease commences on January 24, 2002 and extends for 55 years. The consideration for the lease is a rental of \$1 for each year of the lease. Payment for the entire term was received at the commencement of the lease.

On August 18, 1958, the City entered into a lease as lessor with Municipal Corporation of La Plata County for use of City premises for public recreational purposes, primarily a golf course. The lease commences on August 18, 1958 and extends for 99 years through June 2057. There were additional leases commencing on April 6, 1965 and October 19, 1965 and extending through June 2057 that increased the size of the golf course. The consideration for the lease is a rental of \$1 for each year of the lease. Payment for the entire term was received at the commencement of the lease.

On June 10, 2015, the City entered into a lease as lessor with Hood Mortuary for use of City premises for use as a crematorium. The premises are located at Greenmount Cemetery at 900 Cemetery Rd. The lease commences on January 1, 2015 and extends for 10 years through December 31, 2024. The consideration for the lease is a rental of \$3,000 for each year of the lease payable in advance on the first day of each year of the term of the lease.

On September 10, 1996, the City entered into a lease as lessee with Durango School District 9R for use of a tract of land as a soccer field, two baseball fields, parking lot, and possibly a future trail. The premises are located adjacent to Riverview Elementary School known as Memorial Park. The lease commences on September 10, 1996 and extends for 25 years through September 9, 2021 with the option to renew for five year periods. There is no charge to the City associated with this lease.

On April 2, 2013, the City entered into a lease as lessee with Durango School District 9R for use of a tract of land as a park. The premises are located north of 12th St, east of Main Ave adjacent to the School District 9R Administration Building known as Buckley Park. The lease commences on April 2, 2013 and extends for 10 years

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

through April 2, 2023 with the option to renew for two ten year periods. The consideration for the lease is a lump sum of \$1,000 for each ten year term of the lease.

As of December 31, 2016, future minimum rentals receivable under operating leases are as follows:

Year Ending December 31,	Amount
2017	\$ 266,790
2018	222,651
2019	219,834
2020	226,336
2021	232,367
2021-2025	<u>201,940</u>
Total	<u>\$ 1,369,918</u>

3-H. Long-Term Debt

Revenue Bonds – In 1999, the City issued \$14,000,000 Sales and Use Tax Revenue Bonds, series 1999, with interest rates ranging from 4.75 percent to 5.5 percent due in annual installments of \$320,000 to \$1,150,000 beginning December 1, 2000 through December 31, 2018. In December 2008, the City refunded these Bonds and issued \$9,598,045 Sales and Use Tax Revenue Bonds, series 2008, with interest rates ranging from 3.25 percent to 4.25 percent due in annual installments of \$325,000 to \$1,135,000 beginning December 1, 2009 through December 1, 2018. Original bonds outstanding total \$2,220,000.

Annual debt service requirements to amortize the 2008 sales and use tax revenue bonds outstanding, as of December 31, 2016 follow:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 1,085,000	\$ 91,638	\$ 1,176,638
2018	<u>1,135,000</u>	<u>48,238</u>	<u>1,183,238</u>
Total	<u>\$ 2,220,000</u>	<u>\$ 139,876</u>	<u>\$ 2,359,876</u>

In 2007, the City issued \$15,890,000 Sales and Use Tax Revenue Bonds, series 2007, with interest rates ranging from 4.00 percent to 4.125 percent due in annual installments of \$625,000 to \$1,215,000 beginning December 1, 2008 through December 1, 2025. In April of 2016, the City advanced refunded these bonds. The City refunded the bonds to reduce its debt service requirements by \$737,673 over the next 9 years. The Sales and Use Revenue Refunding Note has an interest rate of 2.04 percent. The economic gain of \$736,990 resulted from the refunding which is calculated on a present value basis.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize the 2016 sales and use tax revenue note outstanding, as of December 31, 2016 follow:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 980,000	\$ 195,432	\$ 1,175,432
2018	1,000,000	175,440	1,175,440
2019	1,015,000	155,040	1,170,040
2020	1,040,000	134,334	1,174,334
2021	1,060,000	113,118	1,173,118
2022-2025	<u>4,485,000</u>	<u>231,234</u>	<u>4,716,234</u>
Total	\$ <u>9,580,000</u>	\$ <u>1,004,598</u>	\$ <u>10,584,598</u>

In 2009, the City issued \$17,585,000 Sales and Use Tax Revenue Bonds, series 2009, with interest rates ranging from 2.50 percent to 5.0 percent due in annual installments of \$655,000 to \$1,275,000 beginning December 1, 2009 through December 1, 2028.

Annual debt service requirements to amortize the 2009 sales and use tax revenue bonds outstanding, as of December 31, 2016 follow:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 800,000	\$ 529,010	\$ 1,329,010
2018	830,000	501,010	1,331,010
2019	860,000	469,885	1,329,885
2020	895,000	435,485	1,330,485
2021	930,000	399,685	1,329,685
2022-2026	5,355,000	1,301,340	6,656,340
2027-2028	<u>2,495,000</u>	<u>172,200</u>	<u>5,328,210</u>
Total	\$ <u>12,165,000</u>	\$ <u>3,808,615</u>	\$ <u>15,973,615</u>

In 2013, the City obtained a long term loan from Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$4,000,000 to purchase water storage and rights for the Water Fund. The term of the loan is 20 years with an interest rate of 1.95%. Loan payments in the amount of \$246,265 are due annually.

Year Ending December 31,	Principal	Interest	Total
2017	\$ 179,663	\$ 66,603	\$ 246,266
2018	183,183	63,082	246,265
2019	186,773	59,493	246,266
2020	190,433	55,833	246,266
2021	194,164	52,101	246,265
2022-2026	1,029,404	201,923	1,231,327
2027-2031	1,134,289	97,036	1,231,325
2032-2033	<u>362,310</u>	<u>7,088</u>	<u>369,398</u>
Total	\$ <u>3,460,219</u>	\$ <u>603,159</u>	\$ <u>4,063,378</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

In 2016, the City obtained two long term State Revolving loans from Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of \$58,404,764 and \$2,500,000 to construct a waste water treatment plant. The term of the loans are 20 years. The larger of the two loans has an interest rate of 1.74 percent while the smaller loan is a zero percent interest rate. Annual principal payments for the zero percent interest loan are \$125,000.

Year Ending December 31,	Principal	Interest	Total
2017	\$ 62,500	\$ -	\$ 62,500
2018	125,000	-	125,000
2019	125,000	-	125,000
2020	125,000	-	125,000
2021	125,000	-	125,000
2022-2026	625,000	-	125,000
2027-2031	625,000	-	125,000
2032-2036	625,000	-	125,000
2037	62,500	-	62,500
Total	\$ 2,500,000	\$ -	\$ 2,500,000

Annual debt service requirements on the \$58,404,764 loan are listed below.

Year Ending December 31,	Principal	Interest	Total
2017	\$ 2,221,885	\$ 940,896	\$ 3,162,781
2018	2,257,147	1,014,638	3,271,785
2019	2,305,290	966,888	3,272,178
2020	2,352,605	920,138	3,272,743
2021	2,397,453	874,388	3,271,841
2022-2026	12,614,434	3,740,941	16,355,375
2027-2031	13,356,151	2,998,601	16,354,752
2032-2036	14,573,737	1,781,923	16,355,660
2037-2038	6,326,062	217,245	6,543,307
Total	\$ 58,404,764	\$ 13,455,658	\$ 71,860,422

Certificates of Participation - In 2014, the City issued series 2014 Certificates of Participation in the amount of \$2,700,000, proceeds will be used to construct Wilson Gulch Road in what is known as Three Springs within the City limits. This road will provide for economic development with big box retailers to ensure long term viability for the City. Principal and interest payments will be reimbursed from GRVP, LLC up to \$947,600 until bona fide commitments to locate new retail within the Three Springs Development in an am amount in excess of a total of 11,000 square feet of retail space or until December 31, 2019 whichever occurs first. A schedule, by years, of future minimum lease payments under the lease agreement as of December 31, 2016 follows:

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Year Ending December 31,	Base Rental	Interest	Total
2017	\$ 100,000	\$ 87,500	\$ 187,500
2018	105,000	84,000	189,000
2019	110,000	80,325	190,214
2020	115,000	76,475	191,475
2021	115,000	72,450	187,450
2022-2026	650,000	298,375	948,375
2027-2031	775,000	175,875	950,875
2032-2034	530,000	26,625	567,625
Total	\$ 2,500,000	\$ 912,625	\$ 3,412,625

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2016:

	Outstanding			Outstanding	Amounts due
	1/1/2016	Additions	Reductions	12/31/2016	in One Year
Governmental Activities					
2007 Sales & Use Tax Revenue Bonds	\$ 10,185,000	\$ -	\$ 10,185,000	\$ -	\$ -
2008 Sales & Use Tax Revenue Bonds	3,260,000	-	1,040,000	2,220,000	1,085,000
2009 Sales & Use Tax Revenue Bonds	12,940,000	-	775,000	12,165,000	800,000
2014 Certificates of Participation	2,600,000	-	100,000	2,500,000	100,000
2016 Sales & Use Revenue Refunding Note	-	9,580,000	-	9,580,000	980,000
Bond Premium Amortization	338,617	-	122,125	216,490	26,980
Compensated Absences	1,312,419	1,326,214	1,309,881	1,328,752	664,376
Total Governmental Activities	<u>\$ 30,636,036</u>	<u>\$ 10,906,214</u>	<u>\$ 13,532,006</u>	<u>\$ 28,010,242</u>	<u>\$ 3,656,356</u>
Business Type Activities					
CWRPDA Water Loan	\$ 3,636,429	\$ -	\$ 176,210	\$ 3,460,219	\$ 179,663
CWRPDA Sewer Loan	-	58,404,764	-	58,404,764	2,221,885
CWRDPA 0% Sewer Loan	-	2,500,000	-	2,500,000	62,500
Loan Premium Amortization	-	1,295,236	-	1,295,236	58,874
Compensated Absences- Enterprise Funds	253,394	383,454	335,867	300,981	150,491
Total Business Type Activities	<u>\$ 3,889,823</u>	<u>\$ 62,538,454</u>	<u>\$ 512,077</u>	<u>\$ 65,961,200</u>	<u>\$ 2,673,413</u>

These bonds are being serviced by sales/use tax revenue transferred from the recreation complex/trails fund and the capital improvements fund. The 2016 Sales and Use Revenue Refunding Note were originally issued for the construction of a new Public Library. The 2008 bonds are used to pay debt on the Recreation Center and the Animas River Trail and River Greenway. The 2009 bonds were issued for the reconstruction of Florida Road. The Water Fund charges and services provide funding for annual payments on the water storage loan. The Sewer Fund charges and services provide funding for annual payments on the two loans. The City believes they are in compliance with all covenants related to all long term debt.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The General fund is used to liquidate the compensated absences liability.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

3-1. Pensions

The City, on behalf of certain paid firefighters and policemen, contributes to the Policemen Pension Plan and the Firemen Pension Plan, both defined benefit, single employer plans that are affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the plans are commingled for investment purposes in the Fire and Police Member's Benefit fund; an agent multiple-employer defined benefit pension plan administered by FPPA. FPPA is the trustee for these funds. The plans provide retirement benefits for members and beneficiaries according to the plan provisions as enacted and recommended by the Pension Board of each plan and further approved by the City Council. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plans. **FPPA issues a publicly available annual financial report that includes the assets of the plans and separate biennial actuarial reports for each of the plans. The reports may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111, or by calling FPPA at 1-800-770-3772.**

Firemen Plan Description– The Firemen Pension Plan covers only those firemen hired prior to April 8, 1978 and provides retirement benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the City Council. Title 31 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plan to the City Council with the input of the Pension Board.

Firemen Plan Benefits Provided -Members are eligible for retirement benefits upon reaching age 50 with 20 years of service. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 1.75 percent of final salary times service in excess of 20 years served since January 1, 1992. The maximum benefit amount is limited to 70 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2016 there are no active members in the plan.

Policemen Plan Description - The Policemen Pension Plan covers only those policemen hired prior to April 8, 1978 and provides retirement benefits to plan members and their beneficiaries. Title 31 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plan to the City Council with the input of the Pension Board.

Policemen Plan Benefits Provided - Members are eligible for retirement benefits upon reaching age 55 with 20 years service or upon completion of 25 years of service, if earlier. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 2.0 percent of final salary times service in excess of 20 years, limited to a maximum total benefit of 75 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2016 there are no active members in the plan.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Membership of each plan was comprised of the following on December 31, 2016:

	<u>Firemen Pension</u>	<u>Policemen Pension</u>
Retirees and beneficiaries receiving benefits	9	8
Disabled retired member	-	-
Active plan members	<u>-</u>	<u>-</u>
Total	<u><u>9</u></u>	<u><u>8</u></u>

Contributions - The contributions of plan members and the City are established by state statute under Title 31, Article 30 of the CRS, as amended. There are no active members in the plans. The City is contributing to the plans at the level required by the actuarial valuations.

Contributions to the plans for the year ended December 31, 2016 were as follows:

	<u>Firemen Pension</u>	<u>Policemen Pension</u>
Employer contributions	\$ 117,868	\$ 110,495
Employee contributions	<u>-</u>	<u>-</u>
Total	<u><u>\$ 117,868</u></u>	<u><u>\$ 110,495</u></u>

Net Pension Liability-Fireman Plan

The City of Durango's net pension liability for each Plan is measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

Actuarial Assumptions

The total pension liabilities in the January 1, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	14 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.0 percent
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar adjustments.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Asset Allocation for FPPA

As of the most recent analysis of the long-term expected rate of return, the target allocation and 5 year real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long- Term
		Real Rate of Return
Global Equity	37%	6.50%
Illiquid Alternatives	20%	8.00%
Fixed Income	16%	1.50%
Absolute Return	11%	4.10%
Equity Long/Short	10%	4.70%
Managed Futures	4%	3.00%
Cash	2%	0.00%

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate are available upon request.

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Net Pension Liability/ (Asset)
Measurement Period Ended December 31, 2015

Total pension liability

Service Cost	\$ -
Interest on the Total Pension Liability	156,903
Benefit Changes	-
Difference between expected and actual experience of the Total Pension Liability	19,701
Changes of assumptions	91,649
Benefit payments	(242,277)
Net change in total pension liability	\$ 25,976
Total pension liability beginning	2,210,983
Total pension liability ending	<u>\$ 2,236,959</u>

Plan fiduciary net position

Contributions - employer	\$ 117,868
Contributions - employee	-
Net investment income	19,430
Benefit payments	(242,277)
Pension Plan Administrative Expense	(5,037)
Net change in plan fiduciary net position	\$ (110,016)
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	1,180,649
Plan fiduciary net position - ending (Market value of assets at end of year)	<u>\$ 1,070,633</u>

Net Pension liability/(asset)	<u><u>\$ 1,166,326</u></u>
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Plan fiduciary net position as a percentage of the total pension liability	47.86%
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Sensitivity of the net pension liability to changes in the discount rate

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

Sensitivity of Net Pension Liability/(Asset)
To the Single Discount Rate Assumption
Current Single Discount

1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ 1,343,359	\$ 1,166,326	\$ 1,012,304

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2016, the City recognized pension expense of \$204,832. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 58,844	\$ -
Total	<u>\$ 58,844</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2017	\$ 15,324
2018	15,324
2019	15,324
2020	12,872
	<u>\$ 58,844</u>

Net Pension Liability-Policeman Plan

The City of Durango's net pension liability for each Plan is measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

Actuarial Assumptions

The total pension liabilities in the January 1, 2014 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	18 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.0 percent
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar adjustments.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Asset Allocation for FPPA

As of the most recent analysis of the long-term expected rate of return, the target allocation and 5 year real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long- Term
		Real Rate of Return
Global Equity	37%	6.50%
Illiquid Alternatives	20%	8.00%
Fixed Income	16%	1.50%
Absolute Return	11%	4.10%
Equity Long/Short	10%	4.70%
Managed Futures	4%	3.00%
Cash	2%	0.00%

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate are available upon request.

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the net pension liability to changes in the discount rate

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

Changes in Net Pension Liability/ (Asset)
Measurement Period Ended December 31, 2015

Total pension liability

Service Cost	\$ -
Interest on the Total Pension Liability	205,124
Benefit Changes	-
Difference between expected and actual experience of the Total Pension Liability	(29,987)
Changes of assumptions	114,413
Benefit payments	(278,021)
Net change in total pension liability	\$ 11,529
Total pension liability beginning	2,871,483
Total pension liability ending	<u>\$ 2,883,012</u>

Plan fiduciary net position

Contributions - employer	\$ 110,495
Contributions - employee	-
Net investment income	29,792
Benefit payments	(278,021)
Pension Plan Administrative Expense	(2,741)
Net change in plan fiduciary net position	\$ (140,475)
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	1,752,280
Plan fiduciary net position - ending (Market value of assets at end of year)	<u>\$ 1,611,805</u>

Net Pension liability/(asset)	<u><u>\$ 1,271,207</u></u>
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Plan fiduciary net position as a percentage of the total pension liability 55.91%

Sensitivity of Net Pension Liability/(Asset)
To the Single Discount Rate Assumption
Current Single Discount

1% Decrease 6.50%	Rate Assumption 7.50%	1% Increase 8.50%
\$ 1,520,283	\$ 1,271,207	\$ 1,055,980

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2016, the City recognized pension expense of \$189,422. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Current Single Discount	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 85,916	\$ -
Total	<u>\$ 85,916</u>	<u>\$ -</u>

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:	
2017	\$ 22,282
2018	22,282
2019	22,281
2020	19,071
	<u>\$ 85,916</u>

The City participates in two defined contribution plans.

401A Money Purchase Plan Fire and Police: Effective January 1, 1988 eligible firemen and policemen, with hire dates on or after April 8, 1978, elected to withdraw from the state administered Colorado Fire and Police Pension Association, a defined benefit pension plan. The state legislation allowing the withdrawal states that the alternate pension plan must be a money purchase plan. The new plan offered to eligible participants is a 401(a) Money Purchase Plan administered by the ICMA Retirement Corporation. Each participant has an individual account with ICMA into which all contributions flow. The participants are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options. The City may amend, modify, or terminate the Plan, upon approval of such amendment, modification or termination by 65% of the active participants, provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 60% at 3 years and 80% at 4 years. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2016 was \$20,277,111. The City's payroll for employees covered by the plan was \$3,782,882. The contribution to the plan totaled \$764,142, which consists of \$340,459 contributed by employees and \$423,683 contributed by the City.

401A Money Purchase Plan Empower Retirement - Effective November 1, 1989, the City withdrew from Public Employees Retirement Association of Colorado, a defined benefit pension plan. The City has set up an alternate plan in the form of a money purchase plan. The plan offered to eligible participants is a 401(a) Money Purchase Plan administered by Empower Retirement. The participants are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options. The City may amend, modify, or terminate the Plan, upon approval of such amendment, modification or termination by 65% of the active participants, provided that no amendment or modification shall reduce the account balances of any participant accrued to the date of the change.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 60% at 3 years and 80% at 4 years. City contributions, and the interest thereon, for employees who leave employment prior to becoming vested are applied towards the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2016 was \$20,277,111. The City's payroll for employees covered by the plan was \$14,495,673. The contribution to the plan totaled \$2,928,125, which consists of \$1,304,611 contributed by employees and \$1,623,514 contributed by the City.

3-J. Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2016 are as follows:

Net investments in capital assets	Governmental <u>Activities</u>	Business <u>Type Activities</u>
Cost of Capital Assets	\$ 318,933,188	\$ 107,184,428
Less accumulated depreciation	131,521,199	38,411,352
Book Value	187,411,989	68,773,076
Less capital related debt	26,681,490	3,460,218
Net investment in capital assets	<u>\$ 160,730,499</u>	<u>\$ 65,312,858</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

3-K Fund Equity

Fund Balances - Fund balances are classified as follows:

- **Nonspendable** - The following fund balances are nonspendable because they are not in spendable form:

General Fund:

Inventories	<u>\$ 49,977</u>
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- **Restricted** - The following fund balances are legally restricted to specified purposes:

General Fund:

Emergencies	\$1,318,880
Pension	<u>129,441</u>

Total	<u>\$1,448,321</u>
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Major Capital Projects Fund:

Parks, Open, Space and Trails Fund	<u>\$3,542,228</u>
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Total	<u>\$3,542,228</u>
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Nonmajor Governmental Funds:

Conservation Trust projects	\$ 229,261
Debt Service payments	406,355
Recreation Complex/Trail projects	<u>3,104,530</u>

Total	<u>\$3,740,146</u>
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- **Committed** - The following fund balances are committed to the following purposes:

General Fund:

Reserve for PEG fees	\$ 99,570
Reserve for police confiscations	<u>53,765</u>

Total	<u>\$ 153,335</u>
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Major Capital Projects Funds:

Capital projects	<u>\$ 6,145,052</u>
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Nonmajor Governmental Funds:

Park development projects	159,520
Road Impact fee projects	2,889
Durango Tourism	226,145
Storm drainage fee projects	<u>7,767</u>

Total	<u>\$ 396,321</u>
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- **Assigned** - The following fund balances are assigned to the following purposes:

General Fund:

Funds held in Escrow	\$ 661,983
Reserve for subsequent year's budget	<u>179,297</u>

	\$ 841,280
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Nonmajor Governmental Funds:

Loan payables	<u>\$ 13,416</u>
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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 - Other Note

4-A. Risk Management

Employee Medical Insurance - Effective January 1, 1985, the City began a self-insurance program for medical claims. The purpose of the program is to pay medical claims of City employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the City. The employer pays employee and a percentage of the dependent coverage. Claims are processed and paid by Meritain Health, a third party administrator. Individual excess risk coverage commences after an individual has incurred \$75,000 of claims in a year. The City carried the aggregate coverage for any claims up to a maximum of \$3,218,574 in 2016. The excess risk coverage for both individual and aggregate claims coverage was covered by Reliastar Life Insurance Co., a private insurance carrier. Settled claims have not exceeded coverage in any of the past three fiscal years.

The claims liability reported in the Self Insurance Fund (an internal service fund) at December 31, 2016 is based on claims reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in balance in claims liabilities can be summarized as follows:

Date	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2014	195,039	2,790,682	2,670,295	315,426
2015	315,426	2,521,374	2,651,114	185,686
2016	185,686	3,516,044	3,316,063	385,667

Property, Casualty and Workers Compensation Insurance - The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Colorado Intergovernmental Risk Sharing Agency (CIRSA) is a public entity risk pool currently operating as a common risk management and insurance program for over 100 municipalities. The City, as member of the pool, pays annual premiums to CIRSA for its property and casualty insurance and workers' compensation insurance coverage. The bylaws and Intergovernmental Agreement of CIRSA provides that CIRSA will provide coverage through pooling of self-insured losses and the purchase of stop-loss 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 amounts are 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 the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Ultimate liability to the City resulting from claims not covered by CIRSA is not presently determinable. Management and the City attorney are of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the City's financial statements.

There were no significant reductions in insurance coverage from prior years, and there have been no settlements that exceed the City's insurance coverage during the past three years.

4-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 - Other Notes (Continued)

The City was a defendant in several lawsuits at December 31, 2016. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. Joint Ventures

The City is a participant with LaPlata County (the county) in a joint venture to operate the Durango-LaPlata County Airport. Pursuant to an intergovernmental agreement, the Airport Commission was created. The commission consists of nine members, three of which are appointed by the City Council. The airport manager is employed by the concurrent action of the City Council and the Board of County Commissioners. The City and County each have a 50 percent interest in all airport property. Through an intergovernmental agreement entered into by the City and the County, fiscal administration of the airport was delegated to the City.

The Airport's net position at fiscal year-end was \$41,417,236, 50 percent equity interest is booked as the joint venture.

Condensed Statement of Net Position

	Business-Type Activities
	2016
Assets:	
Current assets	\$ 8,101,219
Capital assets	33,872,748
Total assets	<u>\$ 41,973,967</u>
Liabilities:	
Current liabilities	512,389
Long term liabilities	44,342
Total liabilities	<u>\$ 556,731</u>
Net position:	
Net investment	
in capital assets	33,872,748
Unrestricted	4,589,288
Restricted	2,955,200
Total net position	<u><u>\$ 41,417,236</u></u>

(The notes to the basic financial statements are continued on the subsequent page)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 - Other Notes (Continued)

The following table provides a summary of the Airport's changes in net position:

Summary of Changes In Net Position	
	Business-type Activities
	2016
Revenues:	
Operating Revenue	\$ 3,801,326
Non-Operating Revenue	5,311,503
Total revenues	<u>9,112,829</u>
Expenses:	
Operating Expense	2,811,008
Non-Operating Expense	-
Depreciation	<u>2,259,770</u>
Total expenses	<u>5,070,778</u>
Capital Contributions	<u>733,554</u>
Change in net position	4,775,605
Beginning net position	<u>36,641,631</u>
Ending net position	<u>\$ 41,417,236</u>

The City's equity interest in the airport is reported in the government-wide capital assets. The City's equity interest in the Durango-LaPlata County Airport was \$20,708,618 at December 31, 2016. The Durango La Plata County Airport issues separate financial statements which may be obtained from the Airport or from the City of Durango Finance Department.

4-D. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment, also known as TABOR, is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

At the April 4, 1995 municipal election, the voters authorized the City to collect and retain all revenues received during the period beginning January 1, 1994 and extending through December 31, 1997, notwithstanding any revenue or spending limitations on fiscal year spending pursuant to the Amendment. The authority to collect and retain all revenues received was extended for the year 1998 and all subsequent years at the April 1, 1997 municipal election.

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2016

Old Hire Fire Pension Plan Required Supplementary Information

Schedules of Required Supplementary Information
Schedule of Changes in Net Position Liability (Asset) and Related Ratios
Fire and Police Pension Association Old Hire Fire Plan
For The Last Ten Fiscal Years

	Fiscal Year Ending December 31										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Pension Liability											
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -
Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	153,060	156,903
Changes in Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	146,102	-
Differences Between Expected and Actual Ex	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	19,701
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	91,649
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(253,376)	(242,277)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 45,786	\$ 25,976
Total Pension Liability - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,165,197	2,210,983
Total Pension Liability - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 2,210,983</u>	<u>\$ 2,236,959</u>
Plan Fiduciary Net Position											
Contributions - Employer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 234,321	\$ 117,868
Contributions - Employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71,839	19,430
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(253,376)	(242,277)
Administrative Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(5,792)	(5,037)
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 46,992	\$ (110,016)
Plan Fiduciary Net Position - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,133,657	1,180,649
Plan Fiducairy Net Position - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<u>1,180,649</u>	<u>1,070,633</u>
Net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 1,030,334</u>	<u>\$ 1,166,326</u>
Plan fiduciary net position as a percentage of total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	53.40%	47.86%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

Schedules of Required Supplementary Information
Schedule of Pension Contributions
Fire and Police Pension Association Old Hire Fire Plan
Last Ten Fiscal Years

	Fiscal Year Ending December 31										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined annual required contribu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,408	\$ 117,868
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,321	\$ 117,868
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (140,913)	\$ -
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	14 years*
Asset valuation method	5-Year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Investment rate of return	7.50%
Retirement age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment

*Information prior to 2014 is unavailable

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

Old Hire Police Pension Plan Required Supplementary Information

Schedules of Required Supplementary Information
Schedule of Changes in Net Position Liability (Asset) and Related Ratios
Fire and Police Pension Association Old Hire Police Plan
Last Ten Fiscal Years

	Fiscal Year Ending December 31										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Pension Liability											
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -
Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	199,962	205,124
Changes in Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	153,187	-
Differences Between Expected and Actual Ex	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	(29,987)
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	114,413
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(290,415)	(278,021)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 62,734	\$ 11,529
Total Pension Liability - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,808,749	2,871,483
Total Pension Liability - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 2,871,483</u>	<u>\$ 2,883,012</u>
Plan Fiduciary Net Position											
Contributions - Employer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 253,957	\$ 110,495
Contributions - Employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	108,853	29,792
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(290,415)	(278,021)
Administrative Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(6,641)	(2,741)
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 65,754	\$ (140,475)
Plan Fiduciary Net Position - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,686,526	1,752,280
Plan Fiducairy Net Position - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,752,280	1,611,805
Net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 1,119,203</u>	<u>\$ 1,271,207</u>
Plan fiduciary net position as a percentage of total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	61.02%	55.91%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2016

Schedules of Required Supplementary Information
Schedule of Pension Contributions
Fire and Police Pension Association Old Hire Police Plan
Last Two Fiscal Years

	Fiscal Year Ending December 31										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,210	\$ 110,495
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,957	\$ 110,495
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (147,747)	\$ -
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	18 years*
Asset valuation method	5-Year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Investment rate of return	7.50%
Retirement age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment

*Information prior to 2014 is unavailable

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

City of Durango, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Required Supplementary Information
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Property taxes	\$ 1,270,750	\$ 1,270,750	\$ 1,270,419	\$ (331)	\$ 1,175,954
Specific Ownership Taxes	115,000	115,000	111,938	(3,062)	109,183
Sales taxes	15,595,000	15,595,000	15,436,263	(158,737)	15,019,744
Use taxes	1,200,000	1,200,000	871,765	(328,235)	966,518
Sales and use tax audit	150,000	150,000	88,905	(61,095)	60,448
La Plata Count shared sales tax	3,917,000	3,917,000	3,854,966	(62,034)	3,814,184
La Plata County joint sales tax	1,924,040	1,924,040	1,979,176	55,136	1,891,568
Cigarette tax	100,000	100,000	95,190	(4,810)	92,978
Franchise fees and occupational taxes	1,623,000	1,623,000	1,688,010	65,010	1,571,120
Special assessments	85,000	85,000	21,832	(63,168)	32,512
Intergovernmental	2,541,463	3,991,778	2,954,863	(1,036,915)	2,608,851
Licenses and permits	839,500	839,500	632,212	(207,288)	758,615
Charges for services	4,626,223	4,626,223	4,334,873	(291,350)	4,410,239
Fines and forfeitures	398,000	398,000	244,388	(153,612)	257,379
Investment earnings	135,000	135,000	93,925	(41,075)	74,112
Miscellaneous	1,201,000	1,201,000	956,369	(244,631)	925,077
Total Revenues	35,720,976	37,171,291	34,635,094	(2,536,197)	33,768,482
Expenditures					
Current					
General government	7,226,866	7,452,761	7,017,556	435,205	8,224,948
Public safety	12,081,954	12,583,192	12,076,794	506,398	11,397,958
Public works	3,545,283	3,584,227	3,206,732	377,495	2,973,459
Parks and recreation	6,609,193	6,609,193	6,020,691	588,502	5,835,388
Library	2,199,092	2,200,092	2,123,310	76,782	2,019,770
Community services	980,430	2,012,930	1,432,160	580,770	1,177,037
Non-departmental	1,558,898	1,890,870	1,586,592	304,278	-
Principal retirement	100,000	100,000	100,000	-	100,000
Interest and fiscal charges	91,000	91,000	91,000	-	87,666
Total Expenditures	34,392,716	36,524,265	33,654,835	2,869,430	31,816,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,328,260	647,026	980,259	333,233	1,952,256
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	2,395	(22,605)	11,619
Transfers in	593,490	593,490	567,490	(26,000)	383,118
Transfers out	(2,976,250)	(2,976,250)	(2,945,000)	31,250	(3,597,832)
Total Other Financing Sources (Uses)	(2,357,760)	(2,357,760)	(2,375,115)	(17,355)	(3,203,095)
Net Change in Fund Balances	(1,029,500)	(1,710,734)	(1,394,856)	315,878	(1,250,839)
Fund Balances Beginning of Year			8,055,339		9,307,296
Increase in Reserve for Inventory			5,906		(1,118)
Fund Balances End of Year			\$ 6,666,389		\$ 8,055,339

Notes to required supplementary information. This budgetary comparison schedule is presented on a basis in conformance with generally accepted accounting principles (GAAP).



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Complex/Trails Fund – to account for the one-half cent sales and use tax revenues voted on and adopted by the electorate in April 1999. The revenues may only be used to pay the debt service on the Sales and Use Tax Revenue Bonds, series 1999, for construction of the recreation complex, and for the completion of the Animas River Trail System.

Revolving Loan Fund - to account for the loan repayments made by the recipients of Community Development Block Grant monies.

Durango Tourism Fund - to account for a 2 percent tax levied on lodgers within the City. These funds are set aside for tourist promotional purposes.

Parks and Recreation Development Fund - to account for payment of fees in lieu of land dedication. These fees are made at the time of recording a final plat. These funds can only be used for acquisition and park development.

Conservation Trust Fund - to account for the State lottery proceeds. These funds can only be used for acquisition, capital improvements and maintenance of parks, recreation and open space programs.

Road Impact Fund – to account for fees imposed for road impacts as a result of new development within the City's service area. These fees must be used for identified road projects within a certain time frame or they must be refunded.

Storm Drainage Fund - to account for storm drainage developer fees. These funds can be used only for capital improvements to storm sewer facilities.

Debt Service Funds

Sales Tax Bonds Debt Service Fund- To accumulate monies for payment of the 2008, 2007 and 2009 series Sales and Use Tax Revenue Bonds.

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 3,217,239	\$ 406,355	\$ 3,623,594
Receivables			
Accounts	13,416	-	13,416
Sales and use taxes	442,146	-	442,146
Lodger's taxes	70,727	-	70,727
Total Assets	\$ 3,743,528	\$ 406,355	\$ 4,149,883
Liabilities and Fund Balances			
Fund Balances			
Restricted	3,333,791	406,355	3,740,146
Committed	396,321	-	396,321
Assigned	13,416	-	13,416
Total Fund Balances	3,743,528	406,355	4,149,883
Total Liabilities and Fund Balances	\$ 3,743,528	\$ 406,355	\$ 4,149,883

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Sales taxes	\$ 3,859,520	\$ -	\$ 3,859,520
Use taxes	217,974	-	217,974
Lodgers' taxes	1,062,509	-	1,062,509
Intergovernmental	198,662	-	198,662
Licenses and permits	10,500	-	10,500
Investment earnings	30,156	-	30,156
Miscellaneous	331,517	-	331,517
Total Revenues	<u>5,710,838</u>	<u>-</u>	<u>5,710,838</u>
Expenditures			
Current			
General government	1,348	53,250	54,598
Economic development	806,000	-	806,000
Debt Service			
Principal retirement	-	1,815,000	1,815,000
Interest and fiscal charges	-	966,091	966,091
Total Expenditures	<u>807,348</u>	<u>2,834,341</u>	<u>3,641,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,903,490</u>	<u>(2,834,341)</u>	<u>2,069,149</u>
Other Financing Sources (Uses)			
Issuance of debt	-	9,580,000	9,580,000
Payments to escrow agent	-	(10,409,413)	(10,409,413)
Transfers in	-	3,756,637	3,756,637
Transfers out	(2,918,391)	-	(2,918,391)
Total Other Financing Sources (Uses)	<u>(2,918,391)</u>	<u>2,927,224</u>	<u>8,833</u>
Net Change in Fund Balances	1,985,099	92,883	2,077,982
Fund Balances Beginning of Year	<u>1,758,429</u>	<u>313,472</u>	<u>2,071,901</u>
Fund Balances End of Year	<u>\$ 3,743,528</u>	<u>\$ 406,355</u>	<u>\$ 4,149,883</u>

City of Durango, Colorado
General Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash on hand	\$ 18,600	\$ 17,681
Equity in treasurer's cash and investments	3,098,896	5,220,842
Cash held in escrow	509,374	477,335
Receivables:		
Accounts receivable	199,203	153,520
Property taxes	1,294,068	1,268,784
Sales and use taxes receivable	1,768,320	1,683,438
Franchise taxes	74,560	74,440
Special assessments	7,530	292,790
Intergovernmental receivables	1,201,739	965,141
Interest	924,715	648,161
Interfund	845,000	575,000
Inventory	49,977	44,071
Total Assets	<u>\$ 9,991,982</u>	<u>\$ 11,421,203</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 599,227	\$ 637,027
Accrued expenditures	583,662	404,879
Deposits	629,999	614,130
Unearned revenue	218,637	441,044
Total Liabilities	<u>2,031,525</u>	<u>2,097,080</u>
Deferred Inflows of Resources		
Property taxes	1,294,068	1,268,784
Total Deferred Inflows of Resources	<u>1,294,068</u>	<u>1,268,784</u>
Total Liabilities	<u>\$ 3,325,593</u>	<u>\$ 3,365,864</u>
Fund Balances		
Nonspendable	49,977	44,071
Restricted	1,448,321	1,638,931
Committed	153,335	42,191
Assigned	841,280	1,532,298
Unassigned	4,173,476	4,797,848
Total Fund Balances	<u>6,666,389</u>	<u>8,055,339</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,991,982</u>	<u>\$ 11,421,203</u>

City of Durango, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Taxes:					
Property	\$ 1,270,750	\$ 1,270,750	\$ 1,270,419	\$ (331)	\$ 1,175,954
Specific ownership	115,000	115,000	111,938	(3,062)	109,183
Sales tax	15,595,000	15,595,000	15,436,263	(158,737)	15,019,744
Use tax	1,200,000	1,200,000	871,765	(328,235)	966,518
Sales and use tax audit	150,000	150,000	88,905	(61,095)	60,448
La Plata County sales tax	3,917,000	3,917,000	3,854,966	(62,034)	3,814,184
Joint sales tax	1,924,040	1,924,040	1,979,176	55,136	1,891,568
Cigarette tax	100,000	100,000	95,190	(4,810)	92,978
Franchise and business tax	1,623,000	1,623,000	1,688,010	65,010	1,571,120
Total Taxes	25,894,790	25,894,790	25,396,632	(498,158)	24,701,697
Licenses and Permits:					
Business license and permits	389,000	389,000	318,859	(70,141)	401,780
Building permits	450,500	450,500	313,353	(137,147)	356,835
Total Licenses and Permits	839,500	839,500	632,212	(207,288)	758,615
Intergovernmental:					
Grants	464,463	1,914,778	894,214	(1,020,564)	582,814
Highway user tax	520,000	520,000	524,141	4,141	524,987
Severance/mineral lease	455,000	455,000	286,075	(168,925)	410,848
Motor vehicle registration	62,000	62,000	64,107	2,107	62,392
Road and bridge	175,000	175,000	179,589	4,589	165,403
Other intergovernmental	865,000	865,000	1,006,737	141,737	862,407
Total Intergovernmental	2,541,463	3,991,778	2,954,863	(1,036,915)	2,608,851
Charges for Services:					
General government charges	287,750	287,750	239,165	(48,585)	227,266
Public safety charges	78,000	78,000	86,311	8,311	97,906
Cemetery charges	70,500	70,500	66,175	(4,325)	82,775
Recreation Center charges	2,246,958	2,246,958	2,146,399	(100,559)	2,093,748
Recreation program charges	968,339	968,339	902,147	(66,192)	910,110
Total Charges for Services	3,651,547	3,651,547	3,440,197	(211,350)	3,411,805
Fines and Forfeits:					
Traffic fines	300,000	300,000	168,797	(131,203)	174,783
Non-traffic fines	65,000	65,000	56,033	(8,967)	54,390
Library fines	33,000	33,000	19,558	(13,442)	28,206
Total Fines and Forfeits	398,000	398,000	244,388	(153,612)	257,379
Special assessments	85,000	85,000	21,832	(63,168)	32,512
Miscellaneous					
Pension forfeitures	100,000	100,000	85,880	(14,120)	137,075
Rents and royalties	385,000	385,000	336,556	(48,444)	298,041
Contributions and donations	330,100	330,100	214,444	(115,656)	195,038
Other miscellaneous	385,900	385,900	319,489	(66,411)	299,261
Total Miscellaneous	1,201,000	1,201,000	956,369	(244,631)	929,415
Services provided	974,676	974,676	894,676	(80,000)	994,096
Investment earnings	135,000	135,000	93,925	(41,075)	74,112
Total Revenues	35,720,976	37,171,291	34,635,094	(2,536,197)	33,768,482
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	2,395	(22,605)	11,619
Transfers in	593,490	593,490	567,490	(26,000)	383,118
Total Other Financing Sources (Uses)	618,490	618,490	569,885	(48,605)	394,737
Total Revenues and Other Financing Sources	\$ 36,339,466	\$ 37,789,781	\$ 35,204,979	\$ (2,584,802)	\$ 34,163,219

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
General Government					
Legislative					
City council	\$ 237,264	\$ 263,914	\$ 232,055	\$ 31,859	\$ 214,641
City boards	62,805	47,006	36,589	10,417	20,524
Total Legislative	<u>300,069</u>	<u>310,920</u>	<u>268,644</u>	<u>42,276</u>	<u>235,165</u>
Executive and Legal					
City manager	517,559	517,559	534,679	(17,120)	500,995
City attorney	336,702	336,702	320,802	15,900	1,906,749
Total Executive and Legal	<u>854,261</u>	<u>854,261</u>	<u>855,481</u>	<u>(1,220)</u>	<u>2,407,744</u>
Administrative					
Human resources	383,564	383,564	379,729	3,835	338,281
City clerk	590,711	590,711	570,980	19,731	543,464
Municipal court	280,108	280,108	261,049	19,059	252,871
Business development	186,227	186,227	129,348	56,879	206,261
Communications	236,471	236,471	194,712	41,759	223,823
Total Administrative	<u>1,677,081</u>	<u>1,677,081</u>	<u>1,535,818</u>	<u>141,263</u>	<u>1,564,700</u>
Finance					
Accounting	734,551	734,551	721,526	13,025	726,048
Finance	339,283	339,283	342,581	(3,298)	326,188
Information systems	1,677,908	1,695,780	1,634,693	61,087	1,538,543
Total Finance	<u>2,751,742</u>	<u>2,769,614</u>	<u>2,698,800</u>	<u>70,814</u>	<u>2,590,779</u>
Community Development					
Planning	1,460,970	1,658,142	1,491,002	167,140	1,242,797
Natural lands preservation	119,401	119,401	94,589	24,812	110,891
Code enforcement	182,743	182,743	167,811	14,932	183,763
Total Community Development	<u>1,763,114</u>	<u>1,960,286</u>	<u>1,753,402</u>	<u>206,884</u>	<u>1,537,451</u>
Total General Government	<u>7,346,267</u>	<u>7,572,162</u>	<u>7,112,145</u>	<u>460,017</u>	<u>8,335,839</u>
Public Safety					
Police					
Administration	2,815,721	3,185,136	2,973,134	212,002	3,021,056
Operations	4,168,026	4,168,026	4,076,625	91,401	3,600,074
Total Police	<u>6,983,747</u>	<u>7,353,162</u>	<u>7,049,759</u>	<u>303,403</u>	<u>6,621,130</u>
911 Communications	1,523,111	1,523,111	1,444,491	78,620	1,406,631
Fire					
Fire services	3,575,096	3,706,919	3,582,544	124,375	3,370,197
Total Public Safety	<u>12,081,954</u>	<u>12,583,192</u>	<u>12,076,794</u>	<u>506,398</u>	<u>11,397,958</u>

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016			2015	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Works					
Engineering	795,910	834,854	750,814	84,040	645,292
Street maintenance	1,638,418	1,638,418	1,502,746	135,672	1,364,516
Snow and ice	737,590	737,590	626,409	111,181	630,682
Street cleaning	373,365	373,365	326,763	46,602	332,969
Total Public Works	<u>3,545,283</u>	<u>3,584,227</u>	<u>3,206,732</u>	<u>377,495</u>	<u>2,973,459</u>
Parks and Recreation					
Parks and recreation administration	427,721	427,721	417,605	10,116	410,910
Recreation administration	226,327	226,327	225,724	603	216,363
Recreation programs	720,984	720,984	686,662	34,322	605,278
Cemetery	334,982	334,982	260,431	74,551	269,633
Parks	2,053,366	2,053,366	1,815,128	238,238	1,724,857
Recreation center	2,266,574	2,266,574	2,092,802	173,772	2,058,636
Chapman Hill	435,409	435,409	401,084	34,325	406,471
Mason center	24,429	24,429	26,666	(2,237)	32,349
Total Parks and Recreation	<u>6,489,792</u>	<u>6,489,792</u>	<u>5,926,102</u>	<u>563,690</u>	<u>5,724,497</u>
Library	<u>2,207,092</u>	<u>2,208,092</u>	<u>2,000,060</u>	<u>208,032</u>	<u>1,889,270</u>
Community Services	<u>980,430</u>	<u>2,012,930</u>	<u>1,432,160</u>	<u>580,770</u>	<u>1,177,037</u>
Non-Departmental					
Miscellaneous	3,959,799	4,291,771	4,066,781	224,990	4,744,052
Buildings and plant	758,349	758,349	779,061	(20,712)	(828,054)
Total Non-Departmental	<u>4,718,148</u>	<u>5,050,120</u>	<u>4,845,842</u>	<u>204,278</u>	<u>3,915,998</u>
	<u>4,718,148</u>	<u>5,050,120</u>	<u>4,845,842</u>	<u>204,278</u>	<u>3,915,998</u>
Total Expenditures	<u>\$ 37,368,966</u>	<u>\$ 39,500,515</u>	<u>\$ 36,599,835</u>	<u>\$ 2,900,680</u>	<u>\$ 35,414,058</u>

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Recreation Complex/Trails	Revolving Loan	Durango Tourism	Parks & Recreation Development
Assets				
Equity in treasurer's cash and investments	\$ 2,662,384	\$ -	\$ 155,418	\$ 159,520
Receivables				
Accounts	-	13,416	-	-
Sales taxes	442,146	-	-	-
Lodger's taxes	-	-	70,727	-
Total Assets	\$ 3,104,530	\$ 13,416	\$ 226,145	\$ 159,520
Liabilities and Fund Balances				
Fund Balances				
Restricted	3,104,530	-	-	-
Committed	-	-	226,145	159,520
Assigned	-	13,416	-	-
Total Fund Balances	3,104,530	13,416	226,145	159,520
Total Liabilities and Fund Balances	\$ 3,104,530	\$ 13,416	\$ 226,145	\$ 159,520

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
<u>\$ 229,261</u>	<u>\$ 2,889</u>	<u>\$ 7,767</u>	<u>\$ 3,217,239</u>
-	-	-	13,416
-	-	-	442,146
<u>-</u>	<u>-</u>	<u>-</u>	<u>70,727</u>
<u><u>\$ 229,261</u></u>	<u><u>\$ 2,889</u></u>	<u><u>\$ 7,767</u></u>	<u><u>\$ 3,743,528</u></u>
229,261	-	-	3,333,791
-	2,889	7,767	396,321
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,416</u>
<u>229,261</u>	<u>2,889</u>	<u>7,767</u>	<u>3,743,528</u>
<u><u>\$ 229,261</u></u>	<u><u>\$ 2,889</u></u>	<u><u>\$ 7,767</u></u>	<u><u>\$ 3,743,528</u></u>

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	<u>Recreation Complex/Trails</u>	<u>Revolving Loan</u>	<u>Durango Tourism</u>	<u>Parks & Recreation Development</u>
Revenues				
Sales taxes	\$ 3,859,520	\$ -	\$ -	\$ -
Use taxes	217,974	-	-	-
Lodgers taxes	-	-	1,062,509	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	10,500
Investment earnings	19,765	-	-	940
Miscellaneous	-	-	-	24,098
Total Revenues	<u>4,097,259</u>	<u>-</u>	<u>1,062,509</u>	<u>35,538</u>
Expenditures				
Current				
General government	-	1,348	-	-
Economic development	-	-	806,000	-
Total Expenditures	<u>-</u>	<u>1,348</u>	<u>806,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,097,259</u>	<u>(1,348)</u>	<u>256,509</u>	<u>35,538</u>
Other Financing Sources (Uses)				
Transfers out	(1,722,521)	-	(250,000)	-
Total Other Financing Sources (Uses)	<u>(1,722,521)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balances	2,374,738	(1,348)	6,509	35,538
Fund Balances Beginning of Year	<u>729,792</u>	<u>14,764</u>	<u>219,636</u>	<u>123,982</u>
Fund Balances End of Year	<u>\$ 3,104,530</u>	<u>\$ 13,416</u>	<u>\$ 226,145</u>	<u>\$ 159,520</u>

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,859,520
-	-	-	217,974
-	-	-	1,062,509
198,662	-	-	198,662
-	-	-	10,500
6,700	2,692	59	30,156
-	307,419	-	331,517
205,362	310,111	59	5,710,838
-	-	-	1,348
-	-	-	806,000
-	-	-	807,348
205,362	310,111	59	4,903,490
(585,870)	(360,000)	-	(2,918,391)
(585,870)	(360,000)	-	(2,918,391)
(380,508)	(49,889)	59	1,985,099
609,769	52,778	7,708	1,758,429
<u>\$ 229,261</u>	<u>\$ 2,889</u>	<u>\$ 7,767</u>	<u>\$ 3,743,528</u>

City of Durango, Colorado
Recreation Complex and Trails Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 2,662,384	\$ 308,869
Sales and use taxes receivable	<u>442,146</u>	<u>420,923</u>
Total Assets	<u>\$ 3,104,530</u>	<u>\$ 729,792</u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	<u>3,104,530</u>	<u>729,792</u>
Total Fund Balances	<u>3,104,530</u>	<u>729,792</u>
Total Liabilities and Fund Balances	<u>\$ 3,104,530</u>	<u>\$ 729,792</u>

City of Durango, Colorado
Recreation Complex and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 3,874,015	\$ 3,874,015	\$ 3,859,520	\$ (14,495)	\$ 3,755,414
Use taxes	301,000	301,000	217,974	(83,026)	241,666
Investment earnings	40,000	40,000	19,765	(20,235)	42,052
Total Revenues	<u>4,215,015</u>	<u>4,215,015</u>	<u>4,097,259</u>	<u>(117,756)</u>	<u>4,039,132</u>
Expenditures					
Parks and recreation	-	-	-	-	12,751
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,215,015</u>	<u>4,215,015</u>	<u>4,097,259</u>	<u>(117,756)</u>	<u>4,026,381</u>
Other Financing Sources (Uses)					
Transfers out	<u>(1,723,238)</u>	<u>(1,723,238)</u>	<u>(1,722,521)</u>	<u>717</u>	<u>(5,510,505)</u>
Net Change in Fund Balances	<u>\$ 2,491,777</u>	<u>\$ 2,491,777</u>	<u>2,374,738</u>	<u>\$ (117,039)</u>	<u>(1,484,124)</u>
Fund Balances Beginning of Year			<u>729,792</u>		<u>2,213,916</u>
Fund Balances End of Year			<u>\$ 3,104,530</u>		<u>\$ 729,792</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Loan Receivables	\$ 13,416	\$ 14,764
Total Assets	<u>\$ 13,416</u>	<u>\$ 14,764</u>
Liabilities and Fund Balances		
Fund Balances		
Assigned	13,416	14,764
Total Fund Balances	<u>13,416</u>	<u>14,764</u>
Total Liabilities and Fund Balances	<u>\$ 13,416</u>	<u>\$ 14,764</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Expenditures		
Current		
General government	\$ 1,348	\$ 10,597
Total Expenditures	<u>1,348</u>	<u>10,597</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(1,348)	(10,597)
Fund Balances Beginning of Year	<u>14,764</u>	<u>25,361</u>
Fund Balances End of Year	<u><u>\$ 13,416</u></u>	<u><u>\$ 14,764</u></u>

City of Durango, Colorado
Durango Tourism Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 155,418	\$ 163,368
Lodger's taxes receivable	<u>70,727</u>	<u>56,268</u>
Total Assets	<u>\$ 226,145</u>	<u>\$ 219,636</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>226,145</u>	<u>219,636</u>
Total Fund Balances	<u>226,145</u>	<u>219,636</u>
Total Liabilities and Fund Balances	<u>\$ 226,145</u>	<u>\$ 219,636</u>

City of Durango, Colorado
Durango Tourism Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Lodgers taxes	\$ 978,500	\$ 978,500	\$ 1,062,509	\$ 84,009	\$ 974,572
Intergovernmental	-	-	-	-	28,500
Miscellaneous	-	-	-	-	37,500
Total Revenues	<u>978,500</u>	<u>978,500</u>	<u>1,062,509</u>	<u>84,009</u>	<u>1,040,572</u>
Expenditures					
Economic development	<u>773,000</u>	<u>806,000</u>	<u>806,000</u>	<u>-</u>	<u>758,775</u>
Total Expenditures	<u>773,000</u>	<u>806,000</u>	<u>806,000</u>	<u>-</u>	<u>758,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>205,500</u>	<u>172,500</u>	<u>256,509</u>	<u>84,009</u>	<u>281,797</u>
Other Financing Sources (Uses)					
Transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>(250,000)</u>	<u>20,000</u>	<u>(200,000)</u>
Net Change in Fund Balances	<u>\$ (64,500)</u>	<u>\$ (97,500)</u>	<u>6,509</u>	<u>\$ 104,009</u>	<u>81,797</u>
Fund Balances Beginning of Year			<u>219,636</u>		<u>137,839</u>
Fund Balances End of Year			<u>\$ 226,145</u>		<u>\$ 219,636</u>

City of Durango, Colorado
Parks and Recreation Development Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 159,520	\$ 123,982
Total Assets	<u>\$ 159,520</u>	<u>\$ 123,982</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>159,520</u>	<u>123,982</u>
Total Fund Balances	<u>159,520</u>	<u>123,982</u>
Total Liabilities and Fund Balances	<u>\$ 159,520</u>	<u>\$ 123,982</u>

City of Durango, Colorado
Parks and Recreation Development Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Licenses and permits	\$ 2,500	\$ 2,500	\$ 10,500	\$ 8,000	\$ 11,300
Investment earnings	1,200	1,200	940	(260)	1,220
Miscellaneous	15,000	15,000	24,098	9,098	19,614
Total Revenues	18,700	18,700	35,538	16,838	32,134
Net Change in Fund Balances	<u>\$ 18,700</u>	<u>\$ 18,700</u>	35,538	<u>\$ 16,838</u>	32,134
Fund Balances Beginning of Year			123,982		91,848
Fund Balances End of Year			<u>\$ 159,520</u>		<u>\$ 123,982</u>

City of Durango, Colorado
Conservation Trust Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 229,261	\$ 609,769
Total Assets	<u>\$ 229,261</u>	<u>\$ 609,769</u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	<u>229,261</u>	<u>609,769</u>
Total Fund Balances	<u>229,261</u>	<u>609,769</u>
Total Liabilities and Fund Balances	<u>\$ 229,261</u>	<u>\$ 609,769</u>

City of Durango, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues					
Intergovernmental	\$ 185,000	\$ 185,000	\$ 198,662	\$ 13,662	\$ 170,199
Investment earnings	6,000	6,000	6,700	700	5,754
Total Revenues	<u>191,000</u>	<u>191,000</u>	<u>205,362</u>	<u>14,362</u>	<u>175,953</u>
Other Financing Sources (Uses)					
Transfers out	-	(585,870)	(585,870)	-	-
Net Change in Fund Balances	<u>\$ 191,000</u>	<u>\$ (394,870)</u>	<u>(380,508)</u>	<u>\$ 14,362</u>	<u>175,953</u>
Fund Balances Beginning of Year			<u>609,769</u>		<u>433,816</u>
Fund Balances End of Year			<u>\$ 229,261</u>		<u>\$ 609,769</u>

City of Durango, Colorado
Road Impact Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 2,889	\$ 52,778
Total Assets	<u>\$ 2,889</u>	<u>\$ 52,778</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>2,889</u>	<u>52,778</u>
Total Fund Balances	<u>2,889</u>	<u>52,778</u>
Total Liabilities and Fund Balances	<u>\$ 2,889</u>	<u>\$ 52,778</u>

City of Durango, Colorado
Road Impact Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues					
Investment earnings	\$ 5,000	\$ 5,000	\$ 2,692	\$ (2,308)	\$ 3,340
Miscellaneous	<u>450,000</u>	<u>450,000</u>	<u>307,419</u>	<u>(142,581)</u>	<u>398,180</u>
Total Revenues	<u>455,000</u>	<u>455,000</u>	<u>310,111</u>	<u>(144,889)</u>	<u>401,520</u>
Other Financing Sources (Uses)					
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(360,000)</u>	<u>140,000</u>	<u>(400,000)</u>
Net Change in Fund Balances	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>(49,889)</u>	<u>\$ (4,889)</u>	<u>1,520</u>
Fund Balances Beginning of Year			<u>52,778</u>		<u>51,258</u>
Fund Balances End of Year			<u>\$ 2,889</u>		<u>\$ 52,778</u>

City of Durango, Colorado
Storm Drainage Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 7,767	\$ 7,708
Total Assets	<u>\$ 7,767</u>	<u>\$ 7,708</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>7,767</u>	<u>7,708</u>
Total Fund Balances	<u>7,767</u>	<u>7,708</u>
Total Liabilities and Fund Balances	<u>\$ 7,767</u>	<u>\$ 7,708</u>

City of Durango, Colorado
Storm Drainage Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)	\$ 250
Investment earnings	500	500	59	(441)	89
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>59</u>	<u>(1,441)</u>	<u>339</u>
Net Change in Fund Balances	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>59</u>	<u>\$ (1,441)</u>	<u>339</u>
Fund Balances Beginning of Year			<u>7,708</u>		<u>7,369</u>
Fund Balances End of Year			<u>\$ 7,767</u>		<u>\$ 7,708</u>

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

	Sales Tax Bonds Debt Service Funds	2007 Sales Tax Bonds Debt Service Fund	Total Nonmajor Debt Service Funds
Assets			
Equity in treasurers cash and investments	\$ 98,246	\$ 308,109	\$ 406,355
	<u>98,246</u>	<u>308,109</u>	<u>406,355</u>
Fund balances			
Restricted	\$ 98,246	\$ 308,109	\$ 406,355
	<u>98,246</u>	<u>308,109</u>	<u>406,355</u>

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	<u>Sales Tax Bonds Debt Service Funds</u>	<u>2007 Sales Tax Bonds Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
Expenditures			
Debt Service			
General government	\$ -	\$ 53,250	\$ 53,250
Principal retirement	1,040,000	775,000	1,815,000
Interest and fiscal charges	133,237	832,854	966,091
Total Expenditures	<u>1,173,237</u>	<u>1,661,104</u>	<u>2,834,341</u>
Other financing sources (uses)			
Issuance of debt	-	9,580,000	9,580,000
Payments to escrow agent	-	(10,409,413)	(10,409,413)
Transfers in	1,173,521	2,583,116	3,756,637
Total Other Financing Sources (Uses)	<u>1,173,521</u>	<u>1,753,703</u>	<u>2,927,224</u>
Net Change in Fund Balances	284	92,599	92,883
Fund Balances Beginning of Year	<u>97,962</u>	<u>215,510</u>	<u>313,472</u>
Fund Balances End of Year	<u>\$ 98,246</u>	<u>\$ 308,109</u>	<u>\$ 406,355</u>

City of Durango, Colorado
Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurers cash and investments	\$ <u>98,246</u>	\$ <u>97,962</u>
Fund balances		
Restricted	\$ <u>98,246</u>	\$ <u>97,962</u>

City of Durango, Colorado
Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Expenditures		
Debt Service		
Principal retirement	\$ 1,040,000	\$ 1,005,000
Interest and fiscal charges	<u>133,237</u>	<u>173,438</u>
Total Expenditures	<u>1,173,237</u>	<u>1,178,438</u>
Other financing sources (uses)		
Transfers in	<u>1,173,521</u>	<u>1,178,005</u>
Total Other Financing Sources (Uses)	<u>1,173,521</u>	<u>1,178,005</u>
Net Change in Fund Balances	284	(433)
Fund Balances Beginning of Year	<u>97,962</u>	<u>98,395</u>
Fund Balances End of Year	<u>\$ 98,246</u>	<u>\$ 97,962</u>

City of Durango, Colorado
2007 Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurers cash and investments	\$ 308,109	\$ 215,510
	<u>308,109</u>	<u>215,510</u>
Fund balances		
Restricted	\$ 308,109	\$ 215,510
	<u>308,109</u>	<u>215,510</u>

City of Durango, Colorado
2007 Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Expenditures		
Debt Service		
General government	\$ 53,250	\$ -
Principal retirement	775,000	1,570,000
Interest and fiscal charges	<u>832,854</u>	<u>1,020,253</u>
Total Expenditures	<u>1,661,104</u>	<u>2,590,253</u>
Other financing sources (uses)		
Issuance of debt	9,580,000	-
Payments to escrow agent	(10,409,413)	-
Transfers in	<u>2,583,116</u>	<u>2,589,659</u>
Total Other Financing Sources (Uses)	<u>1,753,703</u>	<u>2,589,659</u>
Net Change in Fund Balances	92,599	(594)
Fund Balances Beginning of Year	<u>215,510</u>	<u>216,104</u>
Fund Balances End of Year	<u><u>\$ 308,109</u></u>	<u><u>\$ 215,510</u></u>

City of Durango, Colorado
Capital Projects Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 5,335,908	\$ 8,946,752
Receivables:		
Accounts receivable	-	91,094
Intergovernmental receivables	<u>1,231,284</u>	<u>1,188,932</u>
Total Assets	<u>\$ 6,567,192</u>	<u>\$ 10,226,778</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	<u>\$ 422,140</u>	<u>\$ 823,980</u>
Total Liabilities	<u>\$ 422,140</u>	<u>\$ 823,980</u>
Fund Balances		
Restricted	-	2,935,853
Committed	<u>6,145,052</u>	<u>6,466,945</u>
Total Fund Balances	<u>6,145,052</u>	<u>9,402,798</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,567,192</u>	<u>\$ 10,226,778</u>

City of Durango, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Intergovernmental	\$ -	\$ 450,000	\$ 2,561,012	\$ 2,111,012	\$ 5,353,794
Investment earnings	65,000	65,000	54,564	(10,436)	35,635
Miscellaneous	-	39,804	40,367	563	299,064
Total Revenues	65,000	554,804	2,655,943	2,101,139	5,688,493
Expenditures					
General government	330,000	1,215,259	742,378	472,881	684,290
Public works	2,315,000	8,521,842	5,450,761	3,071,081	8,701,568
Parks and recreation	300,000	5,507,685	1,865,550	3,642,135	1,255,498
Total Expenditures	2,945,000	15,244,786	8,058,689	7,186,097	10,641,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,880,000)	(14,689,982)	(5,402,746)	9,287,236	(4,952,863)
Other Financing Sources (Uses)					
Transfers in	2,945,000	2,945,000	2,945,000	-	7,430,332
Transfers out	-	(800,000)	(800,000)	-	-
Total Other Financing Sources (Uses)	2,945,000	2,145,000	2,145,000	-	7,430,332
Net Change in Fund Balances	<u>\$ 65,000</u>	<u>\$ (12,544,982)</u>	<u>(3,257,746)</u>	<u>\$ 9,287,236</u>	2,477,469
Fund Balances Beginning of Year			9,402,798		6,925,329
Fund Balances End of Year			<u>\$ 6,145,052</u>		<u>\$ 9,402,798</u>

City of Durango, Colorado
Capital Improvements Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 4,552	\$ 7,792
Receivables:		
Sales and use taxes receivable	<u>220,940</u>	<u>210,335</u>
Total Assets	<u>\$ 225,492</u>	<u>\$ 218,127</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Interfund payable	<u>\$ 465,000</u>	<u>\$ 575,000</u>
Total Liabilities	<u>\$ 465,000</u>	<u>\$ 575,000</u>
Fund Balances		
Unassigned	<u>(239,508)</u>	<u>(356,873)</u>
Total Fund Balances	<u>(239,508)</u>	<u>(356,873)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 225,492</u>	<u>\$ 218,127</u>

City of Durango, Colorado
Capital Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 1,886,905	\$ 1,886,905	\$ 1,928,602	\$ 41,697	\$ 1,876,581
Use taxes	155,000	155,000	108,922	(46,078)	120,760
Investment earnings	10,000	10,000	2,957	(7,043)	10,846
Total Revenues	<u>2,051,905</u>	<u>2,051,905</u>	<u>2,040,481</u>	<u>(11,424)</u>	<u>2,008,187</u>
Other Financing Sources (Uses)					
Transfers in	800,000	800,000	660,000	(140,000)	900,000
Transfers out	(2,583,117)	(2,583,117)	(2,583,116)	1	(2,589,659)
Total Other Financing Sources (Uses)	<u>(1,783,117)</u>	<u>(1,783,117)</u>	<u>(1,923,116)</u>	<u>(139,999)</u>	<u>(1,689,659)</u>
Net Change in Fund Balances	<u>\$ 268,788</u>	<u>\$ 268,788</u>	<u>117,365</u>	<u>\$ (151,423)</u>	<u>318,528</u>
Fund Balances Beginning of Year			<u>(356,873)</u>		<u>(675,401)</u>
Fund Balances End of Year			<u>\$ (239,508)</u>		<u>\$ (356,873)</u>

City of Durango, Colorado
Parks, Open Space and Trails Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Equity in treasurer's cash and investments	\$ 2,061,490	\$ 1,770,046
Receivables:		
Sales and use taxes receivable	220,941	210,335
Intergovernmental receivables	<u>1,697,172</u>	<u>15,508</u>
Total Assets	<u>\$ 3,979,603</u>	<u>\$ 1,995,889</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	<u>\$ 437,375</u>	<u>\$ 333,546</u>
Total Liabilities	<u>\$ 437,375</u>	<u>\$ 333,546</u>
Fund Balances		
Restricted	<u>3,542,228</u>	<u>1,662,343</u>
Total Fund Balances	<u>3,542,228</u>	<u>1,662,343</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,979,603</u>	<u>\$ 1,995,889</u>

City of Durango, Colorado
Parks, Open Space and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 1,886,905	\$ 1,886,905	\$ 1,928,602	\$ 41,697	\$ 1,876,581
Use taxes	155,000	155,000	108,922	(46,078)	120,761
Intergovernmental	-	350,000	1,820,876	1,470,876	81,371
Investment earnings	30,000	30,000	17,002	(12,998)	21,096
Miscellaneous	254,800	278,930	25,730	(253,200)	112,450
Total Revenues	<u>2,326,705</u>	<u>2,700,835</u>	<u>3,901,132</u>	<u>1,200,297</u>	<u>2,212,259</u>
Expenditures					
Capital Outlay	<u>3,513,000</u>	<u>7,919,251</u>	<u>3,088,627</u>	<u>4,830,624</u>	<u>1,967,238</u>
Total Expenditures	<u>3,513,000</u>	<u>7,919,251</u>	<u>3,088,627</u>	<u>4,830,624</u>	<u>1,967,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,186,295)</u>	<u>(5,218,416)</u>	<u>812,505</u>	<u>6,030,921</u>	<u>245,021</u>
Other Financing Sources (Uses)					
Transfers in	-	1,385,870	1,385,870	-	-
Transfers out	<u>(318,490)</u>	<u>(318,490)</u>	<u>(318,490)</u>	<u>-</u>	<u>(318,118)</u>
Total Other Financing Sources (Uses)	<u>(318,490)</u>	<u>1,067,380</u>	<u>1,067,380</u>	<u>-</u>	<u>(318,118)</u>
Net Change in Fund Balances	<u>\$ (1,504,785)</u>	<u>\$ (4,151,036)</u>	<u>1,879,885</u>	<u>\$ 6,030,921</u>	<u>(73,097)</u>
Fund Balances Beginning of Year			<u>1,662,343</u>		<u>1,735,440</u>
Fund Balances End of Year			<u>\$ 3,542,228</u>		<u>\$ 1,662,343</u>

MAJOR ENTERPRISE FUNDS

Water Utility Fund - to account for revenues and expenses associated with providing water services to the City of Durango residents and some county residents.

Sewer Utility Fund - to account for revenues and expenses associated with providing waste water treatment services to residents of the City of Durango and some county residents.

Transportation Services Fund - to account for revenues and expenses associated with the operations of the City's parking programs, including enforcement and facilities maintenance and to account for revenues and expenses associated with providing mass transportation within the City.

Sustainable Services Fund - to account for revenues and expenses associated with refuse collection and recycling operations.

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 11,421,265	\$ 9,690,633
Receivables		
Accounts	538,497	601,079
Inventory	94,281	155,034
Total Current Assets	<u>12,054,043</u>	<u>10,446,746</u>
Noncurrent Assets		
Note receivable	165,163	178,009
Capital Assets		
Land	6,575,919	6,575,919
Construction in progress	2,739,442	1,681,428
Depreciable capital assets, net	28,781,773	27,389,386
Total Noncurrent Assets	<u>38,262,297</u>	<u>35,824,742</u>
Total Assets	<u>50,316,340</u>	<u>46,271,488</u>
Liabilities		
Current Liabilities		
Accounts payable	354,135	259,542
Accrued wages	42,499	29,577
Compensated Absences - due in one year	42,033	31,776
Loan payable	179,663	176,210
Total Current Liabilities	<u>618,330</u>	<u>497,105</u>
Long Term Liabilities		
Compensated absences net of current portion	42,033	31,776
Loan payable net of current portion	3,280,555	3,460,218
Total Liabilities	<u>3,940,918</u>	<u>3,989,099</u>
Net Position		
Net investment in capital assets	34,636,916	32,010,305
Unrestricted	11,738,506	10,272,084
Total Net Position	<u>\$ 46,375,422</u>	<u>\$ 42,282,389</u>

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 6,088,731	\$ 5,015,640
Miscellaneous	169,374	156,477
Total Operating Revenues	<u>6,258,105</u>	<u>5,172,117</u>
Operating Expenses		
Administration	376,819	332,872
Source of supply	1,929	655
Pumping	240,586	213,393
Transmission and distribution	1,089,630	994,072
Treatment	873,044	771,319
Meter reading and repairs	116,272	138,595
Non-departmental	668,389	669,038
Payment for services	420,150	426,400
Depreciation	1,162,890	1,150,728
Total Operating Expenses	<u>4,949,709</u>	<u>4,697,072</u>
Operating Income (Loss)	<u>1,308,396</u>	<u>475,045</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	1,080	228
Investment earnings	78,200	120,529
Total Non-Operating Revenues (Expenses)	<u>79,280</u>	<u>120,757</u>
Income (Loss) Before Capital Contributions and Transfers	1,387,676	595,802
Capital contributions	2,698,735	1,067,142
Transfers in	6,622	4,424
Transfers out	-	(3,945)
Change in Net Position	4,093,033	1,663,423
Net Position Beginning of Year	<u>42,282,389</u>	<u>40,618,966</u>
Net Position End of Year	<u>\$ 46,375,422</u>	<u>\$ 42,282,389</u>

City of Durango, Colorado
Water Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 7,041,000	\$ 7,041,000	\$ 6,088,731	\$ (952,269)
Gain on disposal of assets	-	-	5,600	5,600
Plant investment fees	500,000	500,000	543,878	43,878
Miscellaneous	175,000	175,000	169,374	(5,626)
Investment earnings	100,000	100,000	78,200	(21,800)
Total Revenues	<u>7,816,000</u>	<u>7,816,000</u>	<u>6,885,783</u>	<u>(930,217)</u>
Expenditures				
Administration	472,192	474,939	376,819	98,120
Source of supply	13,900	13,900	1,929	11,971
Pumping	415,023	422,319	240,586	181,733
Transmission and distribution	1,071,034	1,071,034	1,089,630	(18,596)
Treatment	1,027,438	1,027,438	873,044	154,394
Meter reading and repairs	141,257	141,257	116,272	24,985
Non-departmental	4,426,673	10,664,616	2,781,150	7,883,466
Payment for services	420,150	420,150	420,150	-
Total Expenditures	<u>7,987,667</u>	<u>14,235,653</u>	<u>5,899,580</u>	<u>8,336,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (171,667)</u>	<u>\$ (6,419,653)</u>	986,203	<u>\$ 7,405,856</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			1,806,899	
Add gain on sale of capital assets			(4,520)	
Add capital expenditures capitalized			2,158,870	
Add capital transfers			308,471	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			<u>(1,162,890)</u>	
Net Income (Loss)			<u>\$ 4,093,033</u>	

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 6,932,517	\$ 3,929,904
Cash held with fiscal agent	15,475,236	-
Receivables		
Accounts	945,028	756,472
Intergovernmental	380,325	242,635
Inventory	5,511	797
Total Current Assets	<u>23,738,617</u>	<u>4,929,808</u>
Noncurrent Assets		
Note receivable	46,581,934	55,038
Capital Assets		
Land	307,368	307,368
Construction in progress	4,099,291	840,473
Depreciable capital assets, net	13,167,246	13,824,362
Total Noncurrent Assets	<u>64,155,839</u>	<u>15,027,241</u>
Total Assets	<u>87,894,456</u>	<u>19,957,049</u>
Liabilities		
Current Liabilities		
Accounts payable	897,847	138,520
Accrued wages	39,490	24,814
Compensated Absences - due in one year	33,663	29,313
Total Current Liabilities	<u>971,000</u>	<u>192,647</u>
Long Term Liabilities		
Loan payable	2,284,385	-
Compensated absences net of current portion	33,664	29,314
Loan payable net of current portion	59,915,615	-
Total Liabilities	<u>63,204,664</u>	<u>221,961</u>
Net Position		
Net investment in capital assets	17,573,905	14,972,203
Unrestricted	7,115,887	4,762,885
Total Net Position	<u>\$ 24,689,792</u>	<u>\$ 19,735,088</u>

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 7,260,261	\$ 5,670,452
Miscellaneous	4,751	5,861
Total Operating Revenues	<u>7,265,012</u>	<u>5,676,313</u>
Operating Expenses		
Administration	270,913	317,113
Treatment	1,376,943	1,437,666
Collections	771,395	776,623
Non-departmental	105,209	108,305
Payment for services	210,225	316,475
Depreciation	734,711	735,514
Total Operating Expenses	<u>3,469,396</u>	<u>3,691,696</u>
Operating Income (Loss)	<u>3,795,616</u>	<u>1,984,617</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	8,480	-
Interest expense	(192,685)	-
Intergovernmental grants	1,198,409	802,631
Investment earnings	35,592	34,221
Total Non-Operating Revenues (Expenses)	<u>1,049,796</u>	<u>836,852</u>
Income (Loss) Before Capital Contributions and Transfers	4,845,412	2,821,469
Capital contributions	115,914	169,219
Transfers in	-	3,945
Transfers out	(6,622)	(4,424)
Change in Net Position	4,954,704	2,990,209
Net Position Beginning of Year	<u>19,735,088</u>	<u>16,744,879</u>
Net Position End of Year	<u><u>\$ 24,689,792</u></u>	<u><u>\$ 19,735,088</u></u>

City of Durango, Colorado
Sewer Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 6,750,000	\$ 6,750,000	\$ 7,260,261	\$ 510,261
Gain on disposal of assets	-	-	8,480	8,480
Plant investment fees	135,000	135,000	115,914	(19,086)
Miscellaneous	500	500	4,751	4,251
Intergovernmental grants	-	-	1,198,409	1,198,409
Investment earnings	35,000	35,000	35,592	592
Total Revenues	<u>6,920,500</u>	<u>6,920,500</u>	<u>8,623,407</u>	<u>1,702,907</u>
Expenditures				
Administration	328,531	331,278	270,913	60,365
Treatment	1,514,456	1,514,456	1,376,943	137,513
Collections	809,391	809,391	771,395	37,996
Non-departmental	3,130,720	7,114,406	3,634,308	3,480,098
Payment for services	310,225	310,225	210,225	100,000
Total Expenditures	<u>6,093,323</u>	<u>10,079,756</u>	<u>6,263,784</u>	<u>3,815,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 827,177</u>	<u>\$ (3,159,256)</u>	2,359,623	<u>\$ 5,518,879</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			-	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			3,336,414	
Add capital transfers			(6,622)	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			(734,711)	
Net Income (Loss)			<u>\$ 4,954,704</u>	

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 458,611	\$ 437,987
Receivables		
Accounts	392,990	258,851
Total Current Assets	<u>851,601</u>	<u>696,838</u>
Noncurrent Assets		
Capital Assets		
Land	89,622	89,622
Depreciable capital assets, net	2,459,486	2,600,687
Total Noncurrent Assets	<u>2,549,108</u>	<u>2,690,309</u>
Total Assets	<u>3,400,709</u>	<u>3,387,147</u>
Liabilities		
Current Liabilities		
Accounts payable	36,364	23,953
Accrued wages	22,799	16,150
Compensated Absences - due in one year	24,213	18,501
Total Current Liabilities	<u>83,376</u>	<u>58,604</u>
Long Term Liabilities		
Compensated absences net of current portion	24,213	18,501
Total Liabilities	<u>107,589</u>	<u>77,105</u>
Net Position		
Net investment in capital assets	2,549,108	2,690,309
Unrestricted	744,012	619,733
Total Net Position	<u>\$ 3,293,120</u>	<u>\$ 3,310,042</u>

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 2,261,480	\$ 2,072,075
Miscellaneous	117,044	106,790
Total Operating Revenues	<u>2,378,524</u>	<u>2,178,865</u>
Operating Expenses		
Collections	1,089,864	874,389
Recycling	441,506	540,336
Recycling center	304,024	189,046
Sustainability	94,550	72,465
Non-departmental	105,467	104,282
Payment for services	221,355	223,105
Depreciation	141,202	142,802
Total Operating Expenses	<u>2,397,968</u>	<u>2,146,425</u>
Operating Income (Loss)	<u>(19,444)</u>	<u>32,440</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	-	100
Intergovernmental grants	-	852
Investment earnings	2,522	3,170
Total Non-Operating Revenues (Expenses)	<u>2,522</u>	<u>4,122</u>
Change in Net Position	(16,922)	36,562
Net Position Beginning of Year	<u>3,310,042</u>	<u>3,273,480</u>
Net Position End of Year	<u><u>\$ 3,293,120</u></u>	<u><u>\$ 3,310,042</u></u>

City of Durango, Colorado
Sustainable Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 2,140,902	\$ 2,140,902	\$ 2,261,480	\$ 120,578
Miscellaneous	198,000	198,000	117,044	(80,956)
Investment earnings	5,000	5,000	2,522	(2,478)
Total Revenues	<u>2,343,902</u>	<u>2,343,902</u>	<u>2,381,046</u>	<u>37,144</u>
Expenditures				
Collections	1,129,644	1,129,644	1,089,864	39,780
Recycling	465,950	476,401	441,506	34,895
Recycling center	406,436	406,436	304,024	102,412
Sustainability	143,907	143,907	94,550	49,357
Non-departmental	133,063	133,063	105,467	27,596
Payment for services	221,355	221,355	221,355	-
Total Expenditures	<u>2,500,355</u>	<u>2,510,806</u>	<u>2,256,766</u>	<u>254,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (156,453)</u>	<u>\$ (166,904)</u>	124,280	<u>\$ 291,184</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			-	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			-	
Add capital transfers			-	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			<u>(141,202)</u>	
Net Income (Loss)			<u>\$ (16,922)</u>	

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 1,803,302	\$ 1,769,119
Receivables		
Accounts	3,440	2,176
Intergovernmental	<u>183,867</u>	<u>106,613</u>
Total Current Assets	<u>1,990,609</u>	<u>1,877,908</u>
Noncurrent Assets		
Capital Assets		
Land	3,886,835	3,886,835
Depreciable capital assets, net	<u>6,666,094</u>	<u>6,620,163</u>
Total Noncurrent Assets	<u>10,552,929</u>	<u>10,506,998</u>
Total Assets	<u>12,543,538</u>	<u>12,384,906</u>
Liabilities		
Current Liabilities		
Accounts payable	21,819	113,406
Accrued wages	65,017	41,373
Compensated Absences - due in one year	<u>50,582</u>	<u>47,107</u>
Total Current Liabilities	<u>137,418</u>	<u>201,886</u>
Long Term Liabilities		
Compensated absences net of current portion	<u>50,581</u>	<u>47,107</u>
Total Liabilities	<u>187,999</u>	<u>248,993</u>
Net Position		
Net investment in capital assets	10,552,929	10,506,998
Unrestricted	<u>1,802,610</u>	<u>1,628,915</u>
Total Net Position	<u>\$ 12,355,539</u>	<u>\$ 12,135,913</u>

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 2,048,400	\$ 2,075,618
Miscellaneous	20,333	29,491
Total Operating Revenues	<u>2,068,733</u>	<u>2,105,109</u>
Operating Expenses		
Administration	256,806	237,997
Parking operations	635,942	563,135
Loop system	2,047,103	1,831,387
Multi-modal	94,805	119,517
Mercy Express	-	205,192
Non-departmental	83,588	48,587
Payment for services	96,656	98,406
Depreciation	556,889	452,302
Total Operating Expenses	<u>3,771,789</u>	<u>3,556,523</u>
Operating Income (Loss)	<u>(1,703,056)</u>	<u>(1,451,414)</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	100,679	38,300
Intergovernmental grants	1,444,829	982,933
Investment earnings	13,801	22,277
Total Non-Operating Revenues (Expenses)	<u>1,559,309</u>	<u>1,043,510</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(143,747)</u>	<u>(407,904)</u>
Transfers in	363,373	147,361
Change in Net Position	219,626	(260,543)
Net Position Beginning of Year	<u>12,135,913</u>	<u>12,396,456</u>
Net Position End of Year	<u>\$ 12,355,539</u>	<u>\$ 12,135,913</u>

City of Durango, Colorado
Transportation Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 1,980,963	\$ 1,980,963	\$ 2,048,400	\$ 67,437
Gain on disposal of assets	-	-	66,130	66,130
Miscellaneous	22,500	22,500	20,333	(2,167)
Intergovernmental grants	1,428,700	1,453,193	1,444,829	(8,364)
Investment earnings	1,000	1,000	13,801	12,801
Transfers in	250,000	250,000	250,000	-
Total Revenues	<u>3,683,163</u>	<u>3,707,656</u>	<u>3,843,493</u>	<u>135,837</u>
Expenditures				
Administration	271,936	271,936	256,806	15,130
Parking operations	682,076	682,076	635,942	46,134
Loop system	2,656,969	2,784,676	2,571,099	213,577
Multi-modal	114,169	114,169	94,805	19,364
Non-departmental	157,163	308,594	83,588	295,504
Payment for services	66,906	66,906	96,656	(29,750)
Total Expenditures	<u>3,949,219</u>	<u>4,228,357</u>	<u>3,738,896</u>	<u>559,959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (266,056)</u>	<u>\$ (520,701)</u>	104,597	<u>\$ 695,796</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			113,373	
Add gain on sale of capital assets			34,549	
Add capital expenditures capitalized			523,996	
Add capital transfers			-	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			(556,889)	
Net Income (Loss)			<u>\$ 219,626</u>	

INTERNAL SERVICE FUNDS

General Services Fund - to account for the costs of providing support services used by other City departments. These services include vehicle and equipment maintenance, central purchasing, warehousing and building and plant supervision.

Capital Equipment Reserve Fund - to accumulate funds provided by other City departments through rental fees for the orderly replacement of City vehicles, radios and equipment.

Self Insurance Fund - to accumulate funds to pay medical claims for employees and covered dependents through insurance premiums billed to other City departments.

Risk Manager Fund- to account for the costs of property and casualty insurance as well as the costs associated with worker's compensation insurance.

City of Durango, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Assets					
Current Assets					
Equity in treasurer's cash and investments	\$ 395,106	\$ 3,397,527	\$ 6,958	\$ 163,182	\$ 3,962,773
Accounts receivable	-	-	120,240	13,400	133,640
Inventory	96,279	241,196	-	-	337,475
Total Current Assets	<u>491,385</u>	<u>3,638,723</u>	<u>127,198</u>	<u>176,582</u>	<u>4,433,888</u>
Noncurrent Assets					
Capital Assets					
Land	67,889	-	-	-	67,889
Depreciable capital assets, net	1,232,859	4,371,903	-	-	5,604,762
Total Noncurrent Assets	<u>1,300,748</u>	<u>4,371,903</u>	<u>-</u>	<u>-</u>	<u>5,672,651</u>
Total Assets	<u>1,792,133</u>	<u>8,010,626</u>	<u>127,198</u>	<u>176,582</u>	<u>10,106,539</u>
Liabilities					
Current Liabilities					
Accounts payable	33,064	51,419	385,667	20,435	490,585
Accrued wages	3,333	19,057	-	2,524	24,914
Compensated Absences - due in one year	3,291	32,469	-	2,705	38,465
Interfund payable	-	-	380,000	-	380,000
Total Current Liabilities	<u>39,688</u>	<u>102,945</u>	<u>765,667</u>	<u>25,664</u>	<u>933,964</u>
Long Term Liabilities					
Compensated absences net of current portion	3,290	32,468	-	2,705	38,463
Total Long Term Liabilities	<u>3,290</u>	<u>32,468</u>	<u>-</u>	<u>2,705</u>	<u>38,463</u>
Total Liabilities	<u>42,978</u>	<u>135,413</u>	<u>765,667</u>	<u>28,369</u>	<u>972,427</u>
Net Position					
Net investment in capital assets	1,300,748	4,371,903	-	-	5,672,651
Unrestricted	448,407	3,503,310	(638,469)	148,213	3,461,461
Total Net Position	<u>\$ 1,749,155</u>	<u>\$ 7,875,213</u>	<u>\$ (638,469)</u>	<u>\$ 148,213</u>	<u>\$ 9,134,112</u>

City of Durango, Colorado
Combining Statement of Revenues
Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Operating Revenues					
Charges for sales and services	\$ 24,734	\$ 2,788,202	\$ 4,311,285	\$ -	\$ 7,124,221
Services provided	525,000	-	-	1,154,058	1,679,058
Miscellaneous	-	2,013	42,037	-	44,050
Total Operating Revenues	549,734	2,790,215	4,353,322	1,154,058	8,847,329
Operating Expenses					
Administration	123,897	-	-	108,051	231,948
Building maintenance	89,415	-	-	-	89,415
Equipment maintenance	-	1,423,032	-	-	1,423,032
Insurance claims and premiums	-	-	-	1,030,674	1,030,674
Medical claims and premiums	-	-	4,862,831	-	4,862,831
Depreciation	30,282	1,241,341	-	-	1,271,623
Total Operating Expenses	243,594	2,664,373	4,862,831	1,138,725	8,909,523
Operating Income (Loss)	306,140	125,842	(509,509)	15,333	(62,194)
Non-Operating Revenues (Expenses)					
Gain (Loss) on the sale of capital assets	-	71,276	-	-	71,276
Investment earnings	2,254	25,190	2,052	1,546	31,042
Total Non-Operating Revenues (Expenses)	2,254	96,466	2,052	1,546	102,318
Income (Loss) Before Contributions and Transfers	308,394	222,308	(507,457)	16,879	40,124
Transfers out	-	(113,373)	-	-	(113,373)
Change in Net Position	308,394	108,935	(507,457)	16,879	(73,249)
Net Position Beginning of Year	1,440,761	7,766,278	(131,012)	131,334	9,207,361
Net Position End of Year	\$ 1,749,155	\$ 7,875,213	\$ (638,469)	\$ 148,213	\$ 9,134,112

City of Durango, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	General Services	Capital Equipment Reserve	Self Insurance	Risk Manager	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash received from customers	\$ 549,734	\$ 2,790,215	\$ 4,472,553	\$ 1,146,172	\$ 8,958,674
Cash payments for personnel services	(117,918)	(639,355)	-	(87,347)	(844,620)
Cash payments for goods and services	(93,509)	(774,175)	-	(17,529)	(885,213)
Cash payments for claims and premiums	-	-	(4,862,831)	(1,030,674)	(5,893,505)
Net Cash Provided by (Used in) Operating Activities	<u>338,307</u>	<u>1,376,685</u>	<u>(390,278)</u>	<u>10,622</u>	<u>1,335,336</u>
Cash Flows from Noncapital Financing Activities					
Interfund payable	-	-	380,000	-	380,000
Transfers out	-	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>380,000</u>	<u>-</u>	<u>380,000</u>
Cash Flows from Capital and Related Financing Activities					
Cash sales of capital assets	-	221,458	-	-	221,458
Capital transfers out	-	(113,373)	-	-	(113,373)
Payments for capital acquisitions	<u>(130,805)</u>	<u>(1,193,920)</u>	<u>-</u>	<u>-</u>	<u>(1,324,725)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(130,805)</u>	<u>(1,085,835)</u>	<u>-</u>	<u>-</u>	<u>(1,216,640)</u>
Cash Flows from Investing Activities					
Investment earnings	<u>2,254</u>	<u>25,190</u>	<u>2,052</u>	<u>1,546</u>	<u>31,042</u>
Net Increase (Decrease) in Cash and Cash Equivalents	209,756	316,040	(8,226)	12,168	529,738
Cash and Cash Equivalents Beginning of Year	<u>185,350</u>	<u>3,081,487</u>	<u>15,184</u>	<u>151,014</u>	<u>3,433,035</u>
Cash and Cash Equivalents End of Year	<u>\$ 395,106</u>	<u>\$ 3,397,527</u>	<u>\$ 6,958</u>	<u>\$ 163,182</u>	<u>\$ 3,962,773</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 306,140	\$ 125,842	\$ (509,509)	\$ 15,333	\$ (62,194)
Adjustments:					
Depreciation	30,282	1,241,341	-	-	1,271,623
(Increase) Decrease in Assets:					
Accounts receivable	-	-	(80,750)	(7,886)	(88,636)
Inventory	916	(34,405)	-	-	(33,489)
Increase (Decrease) in Liabilities:					
Accounts payable	(1,035)	26,750	199,981	3,183	228,879
Accrued wages	2,004	17,157	-	(8)	19,153
Net Cash Provided by (Used in) Operating Activities	<u>\$ 338,307</u>	<u>\$ 1,376,685</u>	<u>\$ (390,278)</u>	<u>\$ 10,622</u>	<u>\$ 1,335,336</u>
Non-cash Investing, Capital and Financing Activities:					
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Equity in treasurer's cash and investments	\$ 395,106	\$ 185,350
Inventory	96,279	97,195
Total Current Assets	<u>491,385</u>	<u>282,545</u>
Noncurrent Assets		
Capital Assets		
Land	67,889	67,889
Depreciable capital assets, net	1,232,859	1,132,336
Total Noncurrent Assets	<u>1,300,748</u>	<u>1,200,225</u>
Total Assets	<u>1,792,133</u>	<u>1,482,770</u>
Liabilities		
Current Liabilities:		
Accounts payable	33,064	34,099
Accrued wages	3,333	2,324
Compensated Absences - due in one year	3,291	2,793
Total Current Liabilities	<u>39,688</u>	<u>39,216</u>
Long Term Liabilities		
Compensated absences net of current portion	3,290	2,793
Total Liabilities	<u>42,978</u>	<u>42,009</u>
Net Position		
Net investment in capital assets	1,300,748	1,200,225
Unrestricted	448,407	240,536
Total Net Position	<u>\$ 1,749,155</u>	<u>\$ 1,440,761</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 24,734	\$ 7,339
Services provided	525,000	450,000
Miscellaneous	-	423
Total Operating Revenues	<u>549,734</u>	<u>457,762</u>
Operating Expenses		
Administration	123,897	115,042
Building maintenance	89,415	232,582
Depreciation	30,282	30,333
Total Operating Expenses	<u>243,594</u>	<u>377,957</u>
Operating Income (Loss)	<u>306,140</u>	<u>79,805</u>
Non-Operating Revenues (Expenses)		
Investment earnings	2,254	2,389
Total Non-Operating Revenues (Expenses)	<u>2,254</u>	<u>2,389</u>
Change in Net Position	308,394	82,194
Net Position Beginning of Year	<u>1,440,761</u>	<u>1,358,567</u>
Net Position End of Year	<u><u>\$ 1,749,155</u></u>	<u><u>\$ 1,440,761</u></u>

City of Durango, Colorado
General Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 5,000	\$ 5,000	\$ 24,734	\$ 19,734
Services provided	425,000	425,000	525,000	100,000
Investment earnings	1,500	1,500	2,254	754
Total Revenues	<u>431,500</u>	<u>431,500</u>	<u>551,988</u>	<u>120,488</u>
Expenditures				
Administration	140,816	140,816	123,897	16,919
Building maintenance	267,644	267,644	89,415	178,229
Total Expenditures	<u>408,460</u>	<u>408,460</u>	<u>213,312</u>	<u>195,148</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 23,040</u>	<u>\$ 23,040</u>	338,676	<u>\$ 315,636</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			-	
Add capital expenditures capitalized			-	
Subtract depreciation expense			(30,282)	
Add capital contributions			-	
Net Income (Loss)			<u>\$ 308,394</u>	

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 3,397,527	\$ 3,081,487
Inventory	241,196	206,791
Total Current Assets	<u>3,638,723</u>	<u>3,288,278</u>
Noncurrent Assets		
Capital Assets		
Depreciable capital assets, net	4,371,903	4,569,506
Total Noncurrent Assets	<u>4,371,903</u>	<u>4,569,506</u>
Total Assets	<u>8,010,626</u>	<u>7,857,784</u>
Liabilities		
Current Liabilities		
Accounts payable	51,419	24,669
Accrued wages	19,057	12,670
Compensated Absences - due in one year	32,469	27,083
Total Current Liabilities	<u>102,945</u>	<u>64,422</u>
Long Term Liabilities		
Compensated absences net of current portion	32,468	27,084
Total Liabilities	<u>135,413</u>	<u>91,506</u>
Net Position		
Net investment in capital assets	4,371,903	4,569,606
Unrestricted	3,503,310	3,196,672
Total Net Position	<u>\$ 7,875,213</u>	<u>\$ 7,766,278</u>

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 2,788,202	\$ 2,823,431
Miscellaneous	2,013	498
Total Operating Revenues	<u>2,790,215</u>	<u>2,823,929</u>
Operating Expenses		
Equipment maintenance	1,423,032	1,318,088
Depreciation	1,241,341	1,277,093
Total Operating Expenses	<u>2,664,373</u>	<u>2,595,181</u>
Operating Income (Loss)	<u>125,842</u>	<u>228,748</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	71,276	85,263
Investment earnings	25,190	36,846
Total Non-Operating Revenues (Expenses)	<u>96,466</u>	<u>122,109</u>
Income (Loss) Before Contributions and Transfers	222,308	350,857
Capital contributions	-	83,793
Transfers out	(113,373)	(12,361)
Change in Net Position	108,935	422,289
Net Position Beginning of Year	<u>7,766,278</u>	<u>7,343,989</u>
Net Position End of Year	<u>\$ 7,875,213</u>	<u>\$ 7,766,278</u>

City of Durango, Colorado
Capital Equipment Reserve Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 2,770,100	\$ 2,770,100	\$ 2,788,202	\$ 18,102
Gain on disposal of assets	100,000	100,000	221,458	121,458
Miscellaneous	-	-	2,013	2,013
Investment earnings	35,000	35,000	25,190	(9,810)
Total Revenues	<u>2,905,100</u>	<u>2,905,100</u>	<u>3,036,863</u>	<u>131,763</u>
Expenditures				
Equipment maintenance	2,806,451	3,104,112	2,730,325	373,787
Non-departmental	16,751	16,751	-	16,751
Total Expenditures	<u>2,823,202</u>	<u>3,120,863</u>	<u>2,730,325</u>	<u>390,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 81,898</u>	<u>\$ (215,763)</u>	306,538	<u>\$ 522,301</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			(150,182)	
Add capital expenditures capitalized			1,193,920	
Subtract depreciation expense			(1,241,341)	
Add capital contributions			-	
Net Income (Loss)			<u>\$ 108,935</u>	

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 6,958	\$ 15,184
Accounts receivable	120,240	39,490
Total Current Assets	<u>127,198</u>	<u>54,674</u>
Noncurrent Assets		
Capital Assets		
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>127,198</u>	<u>54,674</u>
Liabilities		
Current Liabilities		
Accounts payable	385,667	185,686
Interfund payable	380,000	-
Total Liabilities	<u>765,667</u>	<u>185,686</u>
Net Position		
Unrestricted	<u>(638,469)</u>	<u>(131,012)</u>
Total Net Position	<u>\$ (638,469)</u>	<u>\$ (131,012)</u>

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for sales and services	\$ 4,311,285	\$ 3,671,642
Miscellaneous	<u>42,037</u>	<u>72,879</u>
Total Operating Revenues	<u>4,353,322</u>	<u>3,744,521</u>
Operating Expenses		
Medical claims and premiums	<u>4,862,831</u>	<u>3,833,957</u>
Total Operating Expenses	<u>4,862,831</u>	<u>3,833,957</u>
Operating Income (Loss)	<u>(509,509)</u>	<u>(89,436)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	<u>2,052</u>	<u>1,298</u>
Total Non-Operating Revenues (Expenses)	<u>2,052</u>	<u>1,298</u>
Change in Net Position	(507,457)	(88,138)
Net Position Beginning of Year	<u>(131,012)</u>	<u>(42,874)</u>
Net Position End of Year	<u><u>\$ (638,469)</u></u>	<u><u>\$ (131,012)</u></u>

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 163,182	\$ 151,014
Accounts receivable	13,400	5,514
Total Current Assets	<u>176,582</u>	<u>156,528</u>
Noncurrent Assets		
Capital Assets		
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>176,582</u>	<u>156,528</u>
Liabilities		
Current Liabilities		
Accounts payable	20,435	17,252
Accrued wages	2,524	1,742
Compensated Absences - due in one year	2,705	3,100
Total Current Liabilities	<u>25,664</u>	<u>22,094</u>
Long Term Liabilities		
Compensated absences net of current portion	2,705	3,100
Total Liabilities	<u>28,369</u>	<u>25,194</u>
Net Position		
Unrestricted	148,213	131,334
Total Net Position	<u>\$ 148,213</u>	<u>\$ 131,334</u>

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Services provided	\$ 1,154,058	\$ 1,201,271
Miscellaneous	-	1,072
Total Operating Revenues	<u>1,154,058</u>	<u>1,202,343</u>
Operating Expenses		
Administration	108,051	105,153
Insurance claims and premiums	1,030,674	1,096,347
Total Operating Expenses	<u>1,138,725</u>	<u>1,201,500</u>
Operating Income (Loss)	<u>15,333</u>	<u>843</u>
Non-Operating Revenues (Expenses)		
Investment earnings	1,546	1,301
Total Non-Operating Revenues (Expenses)	<u>1,546</u>	<u>1,301</u>
Change in Net Position	16,879	2,144
Net Position Beginning of Year	<u>131,334</u>	<u>129,190</u>
Net Position End of Year	<u><u>\$ 148,213</u></u>	<u><u>\$ 131,334</u></u>

City of Durango, Colorado
Risk Manager Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Services provided	\$ 1,154,058	\$ 1,154,058	\$ 1,154,058	\$ -
Investment earnings	2,500	2,500	1,546	(954)
Total Revenues	<u>1,156,558</u>	<u>1,156,558</u>	<u>1,155,604</u>	<u>(954)</u>
Expenditures				
Administration	114,123	114,123	108,051	6,072
Insurance claims and premiums	<u>1,025,949</u>	<u>1,025,949</u>	<u>1,030,674</u>	<u>(4,725)</u>
Total Expenditures	<u>1,140,072</u>	<u>1,140,072</u>	<u>1,138,725</u>	<u>1,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 16,486</u>	<u>\$ 16,486</u>	16,879	<u>\$ 393</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			-	
Add capital expenditures capitalized			-	
Subtract depreciation expense			-	
Add capital contributions			<u>-</u>	
Net Income (Loss)			<u>\$ 16,879</u>	



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SPECIAL REPORTS SECTION

City of Durango, Colorado
2008 Sales and Use Tax Revenue Bonds
Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,085,000	\$ 91,638	\$ 1,183,235
2018	<u>1,135,000</u>	<u>48,235</u>	<u>1,183,235</u>
	\$ <u>2,220,000</u>	\$ <u>139,873</u>	\$ <u>2,366,470</u>

This schedule pertains to the following issues:

	<u>Authorized and Issued</u>	<u>Outstanding</u>
Sales & Use Tax Series 2008 originally Issued 09/15/1999 and refinanced in 2008	\$ <u>14,000,000</u>	\$ <u>2,220,000</u>

City of Durango, Colorado
2016 Sales and Use Tax Revenue Note
Debt Service Requirements

Fiscal Year		Principal		Interest		Total
2017	\$	980,000	\$	195,432	\$	1,175,440
2018		1,000,000		175,440		1,170,040
2019		1,015,000		155,040		1,174,334
2020		1,040,000		134,334		1,173,118
2021		1,060,000		113,118		1,176,494
2022		1,085,000		91,494		1,179,360
2023		1,110,000		69,360		1,176,716
2024		1,130,000		46,716		1,183,664
2025		1,160,000		23,664		1,183,664
	\$	<u>9,580,000</u>	\$	<u>1,004,598</u>	\$	<u>10,592,830</u>

This schedule pertains to the following issues:

			Authorized and Issued		Outstanding
Sales & Use Tax Series 2007	Issued 03/13/2007	\$	<u>15,890,000</u>	\$	<u>9,580,000</u>

City of Durango, Colorado
2009 Sales and Use Tax Revenue Bonds
Debt Service Requirements

Fiscal Year		Principal		Interest		Total
2017	\$	800,000	\$	529,010	\$	1,331,010
2018		830,000		501,010		1,329,885
2019		860,000		469,885		1,330,485
2020		895,000		435,485		1,329,685
2021		930,000		399,685		1,333,185
2022		980,000		353,185		1,331,635
2023		1,025,000		306,635		1,330,510
2024		1,070,000		260,510		1,330,035
2025		1,115,000		215,035		1,330,975
2026		1,165,000		165,975		1,333,550
2027		1,220,000		113,550		1,333,650
2028		1,275,000		58,650		-
	\$	<u>12,165,000</u>	\$	<u>3,808,615</u>	\$	<u>14,644,605</u>

This schedule pertains to the following issues:

			Authorized and Issued		Outstanding
Sales & Use Tax Series 2009	Issued 03/13/2009	\$	<u>17,585,000</u>	\$	<u>12,165,000</u>

City of Durango, Colorado
2013 Water Storage Loan
Debt Service Requirements

<u>Fiscal Year</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2017	\$	179,663	\$	66,603	\$	246,265
2018		183,183		63,082		246,265
2019		186,773		59,493		246,265
2020		190,433		55,833		246,265
2021		194,164		52,101		246,265
2022		197,969		48,297		246,265
2023		201,848		44,417		246,265
2024		205,803		40,462		246,265
2025		209,836		36,429		246,265
2026		213,948		32,318		246,265
2027		218,140		28,125		246,265
2028		222,413		23,851		246,265
2029		226,773		19,493		246,265
2030		231,216		15,049		246,265
2031		235,747		10,518		246,265
2032		240,366		5,899		246,265
2033		121,944		1,189		123,133
	\$	<u>3,460,219</u>	\$	<u>603,159</u>	\$	<u>4,063,373</u>

This schedule pertains to the following loan:

		<u>Loan Amount</u>		<u>Outstanding</u>
Water Fund Water Storage Loan 2013	\$	<u>4,000,000</u>	\$	<u>3,460,219</u>

City of Durango, Colorado
2014 Certificates of Participation
Debt Service Requirements

<u>Fiscal Year</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2017	\$	100,000	\$	87,500	\$	189,000
2018		105,000		84,000		190,325
2019		110,000		80,325		191,475
2020		115,000		76,475		187,450
2021		115,000		72,450		188,425
2022		120,000		68,425		189,225
2023		125,000		64,225		189,850
2024		130,000		59,850		190,300
2025		135,000		55,300		190,575
2026		140,000		50,575		190,675
2027		145,000		45,675		190,600
2028		150,000		40,600		190,350
2029		155,000		35,350		189,925
2030		160,000		29,925		189,325
2031		165,000		24,325		188,550
2032		170,000		18,550		187,600
2033		175,000		12,600		191,475
2034		185,000		6,475		191,475
	\$	<u>2,500,000</u>	\$	<u>912,625</u>	\$	<u>3,416,600</u>

This schedule pertains to the following Lease
Purchase Agreement:

	Lease Amount	Outstanding
2014 Certificates of Participation- Wilson Gulch Road	\$ <u>2,700,000</u>	\$ <u>2,500,000</u>

City of Durango, Colorado
2016 Sewer Loan
Debt Service Requirements

<u>Fiscal Year</u>		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2017	\$	2,221,885	\$	940,896	\$	3,162,781
2018		2,257,147		1,014,638		3,271,785
2019		2,305,290		966,888		3,272,178
2020		2,352,605		920,138		3,271,841
2021		2,397,453		874,388		3,268,663
2022		2,438,775		829,888		3,269,031
2023		2,481,893		787,138		3,272,231
2024		2,526,093		746,138		3,272,686
2025		2,565,548		707,138		3,272,686
2026		2,602,175		670,589		3,272,764
2027		2,631,987		636,888		3,268,875
2028		2,652,863		618,588		3,271,451
2029		2,665,493		604,338		3,269,831
2030		2,681,612		590,426		3,272,038
2031		2,724,196		548,361		3,272,557
2032		2,794,794		476,893		3,271,687
2033		2,837,638		434,354		3,271,992
2034		2,905,237		362,580		3,267,817
2035		2,981,436		290,225		3,271,661
2036		3,054,632		217,871		3,272,503
2037		3,125,615		144,935		3,270,550
2038		3,200,397		72,361		3,272,758
	\$	<u>58,404,764</u>	\$	<u>13,455,659</u>	\$	<u>71,860,366</u>

This schedule pertains to the following Loan

	<u>Loan Amount</u>	<u>Outstanding</u>
2016 Sewer Loan	\$ <u>58,404,764</u>	\$ <u>58,404,764</u>

City of Durango, Colorado
2016 Sewer Loan- 0% Interest
Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 62,500	\$ -	\$ 62,500
2018	125,000	-	125,000
2019	125,000	-	125,000
2020	125,000	-	125,000
2021	125,000	-	125,000
2022	125,000	-	125,000
2023	125,000	-	125,000
2024	125,000	-	125,000
2025	125,000	-	125,000
2026	125,000	-	125,000
2027	125,000	-	125,000
2028	125,000	-	125,000
2029	125,000	-	125,000
2030	125,000	-	125,000
2031	125,000	-	125,000
2032	125,000	-	125,000
2033	125,000	-	125,000
2034	125,000	-	125,000
2035	125,000	-	125,000
2036	125,000	-	125,000
2037	62,500	-	62,500
	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>

This schedule pertains to the following Loan

	<u>Loan Amount</u>	<u>Outstanding</u>
2016 Sewer Loan 0% Interest	\$ 2,500,000	\$ 2,500,000

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Durango	
		YEAR ENDING : December 2016	
This Information From The Records Of City of Durango:		Prepared By: Phone:	Julie Brown 970-375-5039

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	ITEM
A. Receipts from local sources:	A. Local highway disbursements:
1. Local highway-user taxes	1. Capital outlay (from page 2)
a. Motor Fuel (from Item I.A.5.)	2. Maintenance:
b. Motor Vehicle (from Item I.B.5.)	3. Road and street services:
c. Total (a.+b.)	a. Traffic control operations
2. General fund appropriations	b. Snow and ice removal
3. Other local imposts (from page 2)	c. Other
4. Miscellaneous local receipts (from page 2)	d. Total (a. through c.)
5. Transfers from toll facilities	4. General administration & miscellaneous
6. Proceeds of sale of bonds and notes:	5. Highway law enforcement and safety
a. Bonds - Original Issues	6. Total (1 through 5)
b. Bonds - Refunding Issues	B. Debt service on local obligations:
c. Notes	1. Bonds:
d. Total (a. + b. + c.)	a. Interest
7. Total (1 through 6)	b. Redemption
B. Private Contributions	c. Total (a. + b.)
C. Receipts from State government (from page 2)	2. Notes:
	a. Interest
D. Receipts from Federal Government (from page 2)	b. Redemption
	c. Total (a. + b.)
E. Total receipts (A.7 + B + C + D)	3. Total (1.c + 2.c)
	C. Payments to State for highways
	D. Payments to toll facilities
	E. Total disbursements (A.6 + B.3 + C + D)

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		8,053,052	8,053,052		0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	93,925
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	307,419	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	307,419	h. Other	
c. Total (a. + b.)	307,419	i. Total (a. through h.)	93,925
	(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	524,141	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	64,107	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,972,776
f. Total (a. through e.)	64,107	g. Total (a. through f.)	1,972,776
4. Total (1. + 2. + 3.f)	588,248	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		6,200	6,200
c. Construction:			
(1). New Facilities		3,020,741	3,020,741
(2). Capacity Improvements			0
(3). System Preservation		943,554	943,554
(4). System Enhancement & Operation		108,991	108,991
(5). Total Construction (1) + (2) + (3) + (4)	0	4,073,286	4,073,286
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,079,486	4,079,486
			(Carry forward to page 1)

Notes and Comments:

STATISTICAL SECTION

This part of the City of Durango's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Pension Liabilities

These schedules contain information related to pension liability with regards to two Old Hire pension plans. These plans include police officers and firemen hired prior to April 1, 1978.

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the sales and use tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debts in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the read understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003, schedules presenting government-wide information include information beginning in that year.

City of Durango, Colorado
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 110,702,235	\$ 123,488,038	\$ 116,772,303	\$ 131,106,992	\$ 138,286,961	\$ 141,561,808	\$ 143,944,307	\$ 149,052,567	\$ 153,845,848	\$ 160,730,499
Restricted	24,078,814	18,300,624	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072	8,600,454
Unrestricted	<u>22,879,699</u>	<u>22,379,402</u>	<u>26,118,296</u>	<u>27,555,730</u>	<u>29,500,898</u>	<u>26,147,979</u>	<u>25,926,898</u>	<u>28,998,660</u>	<u>35,295,804</u>	<u>32,449,429</u>
Total governmental activities net position	<u>\$ 157,660,748</u>	<u>\$ 164,168,064</u>	<u>\$ 172,292,730</u>	<u>\$ 173,854,847</u>	<u>\$ 177,816,435</u>	<u>\$ 182,095,697</u>	<u>\$ 184,503,061</u>	<u>\$ 187,679,787</u>	<u>\$ 193,547,724</u>	<u>\$ 201,780,382</u>
Business-type activities										
Net investment in capital assets	\$ 45,725,231	\$ 49,470,011	\$ 59,333,184	\$ 59,346,561	\$ 57,919,227	\$ 56,674,450	\$ 62,578,879	\$ 58,365,508	\$ 60,179,815	\$ 65,312,858
Unrestricted	<u>14,406,218</u>	<u>14,953,834</u>	<u>14,662,392</u>	<u>14,110,138</u>	<u>14,988,073</u>	<u>15,225,300</u>	<u>9,429,992</u>	<u>14,668,271</u>	<u>17,283,617</u>	<u>21,401,015</u>
Total business-type activities	<u>\$ 60,131,449</u>	<u>\$ 64,423,845</u>	<u>\$ 73,995,576</u>	<u>\$ 73,456,699</u>	<u>\$ 72,907,300</u>	<u>\$ 71,899,750</u>	<u>\$ 72,008,871</u>	<u>\$ 73,033,779</u>	<u>\$ 77,463,432</u>	<u>\$ 86,713,873</u>
Primary Government										
Net investment in capital assets	\$ 156,427,466	\$ 172,958,049	\$ 176,105,487	\$ 190,453,553	\$ 196,206,188	\$ 198,236,258	\$ 206,523,186	\$ 207,418,075	\$ 214,025,663	\$ 226,043,357
Restricted	24,078,814	18,300,624	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072	8,532,447
Unrestricted	<u>37,285,917</u>	<u>37,333,236</u>	<u>40,780,688</u>	<u>41,665,868</u>	<u>44,488,971</u>	<u>41,373,279</u>	<u>35,356,890</u>	<u>43,666,931</u>	<u>52,579,421</u>	<u>53,918,451</u>
Total primary government net position	<u>\$ 217,792,197</u>	<u>\$ 228,591,909</u>	<u>\$ 246,288,306</u>	<u>\$ 247,311,546</u>	<u>\$ 250,723,735</u>	<u>\$ 253,995,447</u>	<u>\$ 256,511,932</u>	<u>\$ 260,713,566</u>	<u>\$ 271,011,156</u>	<u>\$ 288,494,255</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Durango, Colorado
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities:										
General government	\$ 7,075,114	\$ 7,485,586	\$ 7,141,096	\$ 6,459,620	\$ 6,147,910	\$ 6,566,189	\$ 7,894,128	\$ 8,821,889	\$ 9,259,225	\$ 9,568,011
Public safety	8,847,685	9,544,725	10,009,151	9,902,478	10,026,418	10,486,094	10,709,354	10,867,750	11,859,989	12,242,685
Public works	5,813,745	6,636,158	6,960,546	8,857,481	5,596,258	5,047,880	5,064,353	7,740,688	9,893,562	7,543,224
Parks and recreation	5,866,682	5,325,378	5,879,949	5,311,387	6,870,057	8,422,273	8,350,689	5,625,209	6,088,070	7,886,241
Library	1,367,690	2,298,525	2,153,041	2,116,832	2,142,218	2,248,888	2,290,097	2,424,281	2,408,555	2,123,310
Community services	2,398,966	1,407,035	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037	1,432,160
Economic development	740,509	775,406	673,492	654,121	602,258	597,252	633,280	777,227	758,775	806,000
Interest	<u>1,003,612</u>	<u>1,580,557</u>	<u>1,328,152</u>	<u>1,584,995</u>	<u>1,505,308</u>	<u>1,431,999</u>	<u>1,354,291</u>	<u>1,275,537</u>	<u>1,236,752</u>	<u>1,136,023</u>
Total governmental activities expenses	<u>33,114,003</u>	<u>35,053,370</u>	<u>35,627,588</u>	<u>36,504,696</u>	<u>33,810,625</u>	<u>36,202,615</u>	<u>37,172,339</u>	<u>39,153,979</u>	<u>42,681,965</u>	<u>42,737,654</u>
Business-type activities:										
Water utility	2,952,455	3,294,312	3,343,871	3,677,741	3,546,873	3,962,288	3,992,105	5,048,918	4,697,072	4,949,709
Sewer utility	2,225,443	2,235,489	2,408,490	2,549,096	2,804,795	2,816,834	3,210,315	3,687,699	3,691,696	3,662,081
Parking	397,213	444,885	626,990	879,317	612,136	622,324	999,530	-	-	-
Sustainable services	1,343,264	1,616,559	1,407,965	1,591,916	1,783,260	2,251,174	2,189,067	2,097,284	2,146,425	2,397,968
Transportation Services	<u>1,507,936</u>	<u>1,693,988</u>	<u>1,944,269</u>	<u>2,216,737</u>	<u>2,293,441</u>	<u>2,472,008</u>	<u>2,498,054</u>	<u>3,422,104</u>	<u>3,556,523</u>	<u>3,771,789</u>
Total business-type expenses	<u>8,426,311</u>	<u>9,285,233</u>	<u>9,731,585</u>	<u>10,914,807</u>	<u>11,040,505</u>	<u>12,124,628</u>	<u>12,889,071</u>	<u>14,256,005</u>	<u>14,091,716</u>	<u>14,781,547</u>
Total primary government expenses	<u>\$ 41,540,314</u>	<u>\$ 44,338,603</u>	<u>\$ 45,359,173</u>	<u>\$ 47,419,504</u>	<u>\$ 44,851,130</u>	<u>\$ 48,327,243</u>	<u>\$ 50,061,410</u>	<u>\$ 53,409,984</u>	<u>\$ 56,773,681</u>	<u>\$ 57,519,201</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,184,993	\$ 1,203,152	\$ 1,152,603	\$ 1,254,099	\$ 1,731,124	\$ 2,485,211	\$ 1,946,179	\$ 1,945,001	\$ 2,671,977	\$ 1,774,979
Public safety	706,585	764,288	880,488	895,062	912,452	1,163,291	1,234,866	1,056,131	1,089,447	1,154,793
Public works	-	-	-	-	-	-	-	600	-	500
Parks and recreation	2,457,843	2,583,429	2,512,164	2,485,158	2,487,984	2,733,317	2,818,971	3,011,398	3,124,615	3,157,875
Library	31,977	32,118	30,320	37,997	38,292	34,431	35,236	32,870	28,206	19,558
Joint venture - airport	503,665	2,461,792	38,703	4,452,278	754,844	115,006	(335,969)	11,115	245,400	2,387,802
Operating grants and contributions	902,325	1,674,326	927,690	2,116,207	2,143,915	1,182,581	1,728,609	27,578	682,853	1,057,299
Capital grants and contributions	<u>2,989,004</u>	<u>2,899,365</u>	<u>5,092,550</u>	<u>4,733,801</u>	<u>826,921</u>	<u>1,452,777</u>	<u>706,725</u>	<u>3,273,358</u>	<u>5,954,033</u>	<u>4,580,550</u>
Total governmental activities program revenues	<u>8,776,392</u>	<u>11,618,470</u>	<u>10,634,518</u>	<u>15,974,602</u>	<u>8,895,532</u>	<u>9,166,614</u>	<u>8,134,617</u>	<u>9,358,051</u>	<u>13,796,531</u>	<u>14,133,356</u>
Business-type activities:										
Charges for services										
Water utility	3,064,389	3,406,512	3,569,170	3,520,173	3,373,959	3,693,867	3,534,133	4,757,161	5,164,166	6,088,731
Sewer utility	1,554,326	1,555,913	1,528,977	1,568,099	1,785,357	1,826,540	2,788,708	4,165,434	5,670,452	7,260,261
Parking	969,667	949,757	929,331	1,118,048	1,125,497	1,098,072	966,059	-	-	-
Sustainable services	1,131,015	1,263,340	1,525,745	1,485,061	1,990,924	1,848,773	1,930,001	1,957,999	2,072,075	2,261,480
Transportation Services	212,086	233,897	252,176	190,901	253,452	258,237	283,200	1,741,650	1,903,358	2,048,400
Operating grants and contributions	492,700	544,268	2,561,478	703,960	881,594	1,112,344	1,427,220	1,285,444	1,727,167	1,027,923
Capital grants and contributions	<u>2,196,973</u>	<u>2,090,937</u>	<u>2,674,787</u>	<u>10,273,045</u>	<u>569,033</u>	<u>521,610</u>	<u>1,420,396</u>	<u>900,912</u>	<u>1,295,610</u>	<u>4,429,964</u>
Total business-type activities program revenues	<u>9,621,156</u>	<u>10,044,624</u>	<u>13,041,664</u>	<u>18,859,287</u>	<u>9,979,816</u>	<u>10,359,443</u>	<u>12,349,717</u>	<u>14,808,600</u>	<u>17,832,828</u>	<u>23,116,759</u>
Total primary government program revenues	<u>\$ 18,397,548</u>	<u>\$ 21,663,094</u>	<u>\$ 23,676,182</u>	<u>\$ 34,833,889</u>	<u>\$ 18,875,348</u>	<u>\$ 19,526,057</u>	<u>\$ 20,484,334</u>	<u>\$ 24,166,651</u>	<u>\$ 31,629,359</u>	<u>\$ 37,250,115</u>

Changes in Net Position (continued)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense) revenue										
Governmental activities	\$ (21,495,533)	\$ (24,418,852)	\$ (19,652,985)	\$ (26,645,407)	\$ (24,915,093)	\$ (27,036,001)	\$ (29,037,722)	\$ (29,795,928)	\$ (28,885,434)	\$ (28,604,298)
Business-type activities	1,618,313	3,756,431	9,127,702	(797,968)	(1,060,689)	(1,765,185)	(539,354)	552,595	3,741,112	8,335,212
Total primary governmental net expense	<u>\$ (19,877,220)</u>	<u>\$ (20,662,421)</u>	<u>\$ (10,525,283)</u>	<u>\$ (27,443,375)</u>	<u>\$ (25,975,782)</u>	<u>\$ (28,801,186)</u>	<u>\$ (29,577,076)</u>	<u>\$ (29,243,333)</u>	<u>\$ (25,144,322)</u>	<u>\$ (20,269,086)</u>

General Revenues and Other Changes in Net Position
Governmental activities:

Taxes										
Property taxes	\$ 957,759	\$ 1,219,985	\$ 1,265,247	\$ 1,314,787	\$ 1,321,708	\$ 1,199,323	\$ 1,300,863	\$ 1,153,727	\$ 1,175,954	\$ 1,382,357
Sales and use taxes	20,079,175	19,997,139	18,320,651	18,334,353	18,997,208	20,667,890	21,693,087	22,815,810	24,038,473	24,549,475
Shared sales taxes	-	-	-	-	-	-	4,270,249	4,523,288	4,977,814	3,854,966
Other shared taxes	1,170,179	1,123,048	1,195,503	974,684	1,143,962	1,073,087	1,017,165	1,274,246	1,891,568	1,979,176
Lodgers taxes	762,925	799,268	720,337	705,240	722,042	764,257	820,832	918,679	974,572	1,062,509
Other taxes	5,412,410	5,587,238	5,353,117	5,784,119	5,296,757	5,265,185	138,508	110,407	202,161	1,149,102
Franchise Fees	-	-	-	-	-	-	1,009,105	1,121,995	1,138,859	1,532,637
Occupational taxes	-	-	-	-	-	-	184,394	194,394	181,147	155,373
Gain/loss on disposal of capital assets	11,880	3,600	7,728	3,972	4,477	464,641	26,520	-	11,619	2,395
Investment earnings	1,810,663	1,046,367	236,645	248,103	297,870	150,469	34,780	222,369	194,144	198,604
Miscellaneous	1,194,584	1,371,081	813,423	922,266	1,182,555	1,845,407	1,351,027	1,297,042	1,779,906	1,333,735
Transfers	(241,648)	(221,558)	(135,000)	(80,000)	(89,898)	(114,996)	(169,444)	(156,847)	(147,361)	(363,373)
Total governmental activities	<u>31,157,927</u>	<u>30,926,168</u>	<u>27,777,651</u>	<u>28,207,524</u>	<u>28,876,681</u>	<u>31,315,263</u>	<u>31,677,086</u>	<u>33,475,110</u>	<u>36,418,856</u>	<u>36,836,956</u>
Business-type activities:										
Gain/loss on disposal of capital assets	78,105	(27,000)	21,655	(75,379)	11,545	20,500	52,036	20,740	38,628	110,239
Investment earnings	642,963	259,322	172,091	154,934	225,579	141,285	55,114	161,282	180,197	130,115
Miscellaneous	100,912	82,085	115,283	93,678	184,268	480,854	371,881	387,731	322,355	311,502
Transfers	241,648	221,558	135,000	80,000	89,898	114,996	169,444	156,847	147,361	363,373
Total business-type activities	<u>1,063,628</u>	<u>535,965</u>	<u>444,029</u>	<u>253,233</u>	<u>511,290</u>	<u>757,635</u>	<u>648,475</u>	<u>726,600</u>	<u>688,541</u>	<u>915,229</u>
Total primary government	<u>\$ 32,221,555</u>	<u>\$ 31,462,133</u>	<u>\$ 28,221,680</u>	<u>\$ 28,460,757</u>	<u>\$ 29,387,971</u>	<u>\$ 32,072,898</u>	<u>\$ 32,325,561</u>	<u>\$ 34,201,710</u>	<u>\$ 37,107,397</u>	<u>\$ 37,752,185</u>

Change in Net Position

Governmental activities	\$ 9,662,394	\$ 6,507,316	\$ 8,124,666	\$ 1,562,117	\$ 3,961,588	\$ 4,279,262	\$ 2,639,364	\$ 3,679,182	\$ 7,533,422	\$ 8,232,658
Business-type activities	2,681,941	4,292,396	9,571,731	(544,735)	(549,399)	(1,007,550)	109,121	1,279,195	4,429,653	9,250,441
Total primary government	<u>\$ 12,344,335</u>	<u>\$ 10,799,712</u>	<u>\$ 17,696,397</u>	<u>\$ 1,017,382</u>	<u>\$ 3,412,189</u>	<u>\$ 3,271,712</u>	<u>\$ 2,748,485</u>	<u>\$ 4,958,377</u>	<u>\$ 11,963,075</u>	<u>\$ 17,483,099</u>

City of Durango, Colorado
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 30,124	\$ 16,562	\$ 15,536	\$ 45,189	\$ 44,071	\$ 49,977
Restricted	-	-	-	-	1,118,324	1,196,604	1,284,613	1,428,167	1,638,931	1,448,321
Committed	-	-	-	-	-	785,373	2,404,098	1,500,000	42,191	153,335
Assigned	-	-	-	-	218,021	7,080,492	6,659,658	566,016	1,574,489	841,280
Un-Assigned	-	-	-	-	7,726,125	2,030,212	1,542,339	5,767,924	4,755,657	4,173,476
Reserved	1,047,475	1,138,051	1,106,149	1,126,653	-	-	-	-	-	-
Unreserved	8,228,600	7,253,734	6,671,418	7,304,176	-	-	-	-	-	-
Total General Fund	<u>\$ 9,276,075</u>	<u>\$ 8,391,785</u>	<u>\$ 7,777,567</u>	<u>\$ 8,430,829</u>	<u>\$ 9,092,594</u>	<u>\$ 11,109,243</u>	<u>\$ 11,906,244</u>	<u>\$ 9,307,296</u>	<u>\$ 8,055,339</u>	<u>\$ 6,666,389</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	567,495	740,722	925,001	7,241,225	6,251,229	7,282,374
Committed	-	-	-	-	8,040,453	7,875,468	7,872,639	4,670,089	6,871,049	6,720,670
Assigned	-	-	-	-	160,190	55,772	46,994	25,361	14,764	(165,881)
Un-Assigned	-	-	-	-	-	-	(587,668)	(675,401)	(356,873)	(239,508)
Reserved	387,854	1,359,571	480,569	457,433	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,265,202	1,469,671	1,333,167	2,129,048	-	-	-	-	-	-
Capital projects funds	19,091,015	14,088,389	26,218,215	11,285,494	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 22,744,071</u>	<u>\$ 16,917,631</u>	<u>\$ 28,031,951</u>	<u>\$ 13,871,975</u>	<u>\$ 8,768,138</u>	<u>\$ 8,671,962</u>	<u>\$ 8,256,966</u>	<u>\$ 11,261,274</u>	<u>\$ 12,780,169</u>	<u>\$ 13,597,655</u>

Note: Retroactive reporting of fund balances in accordance with GASB Statement 54 is not feasible. Fund balances prospective from 2011 will be reported in accordance with GASB Statement 54.

City of Durango, Colorado
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes	\$ 27,212,269	\$ 27,603,630	\$ 25,659,352	\$ 26,138,499	\$ 26,337,715	\$ 27,896,655	\$ 29,417,038	\$ 30,978,221	\$ 33,668,032	\$ 34,611,683
Special Assessments	14,817	8,008	287	677	760	83,750	37,649	32,941	32,512	21,832
Intergovernmental	4,632,142	4,869,159	3,998,843	5,880,258	4,840,350	4,444,783	4,202,231	5,170,192	7,172,715	7,535,413
Licenses and permits	533,982	381,803	275,943	445,992	434,563	543,874	600,710	605,419	769,915	642,712
Charges for services	3,284,005	3,336,605	3,502,696	3,726,534	3,806,760	3,931,021	4,076,208	4,302,784	4,410,489	4,334,873
Fines and forfeitures	266,789	234,382	270,342	287,786	396,329	423,947	476,236	318,307	257,379	244,388
Investment earnings	1,674,604	951,702	213,395	216,055	259,044	128,959	25,453	222,370	194,144	198,604
Miscellaneous	1,013,809	1,263,811	813,423	922,266	1,182,555	2,389,540	1,410,025	1,310,357	2,861,885	1,353,983
Total revenues	<u>38,632,417</u>	<u>38,649,100</u>	<u>34,734,281</u>	<u>37,618,067</u>	<u>37,258,076</u>	<u>39,842,529</u>	<u>40,245,550</u>	<u>42,940,591</u>	<u>49,367,071</u>	<u>48,943,488</u>
Expenditures										
General government	4,697,884	5,225,477	5,180,073	5,162,501	4,870,766	5,232,468	5,757,125	6,982,575	7,307,093	7,814,532
Public safety	8,638,569	9,411,280	9,693,064	10,190,490	10,021,389	10,317,489	10,380,683	11,248,010	11,397,958	12,076,794
Public works	2,881,125	3,480,935	3,314,530	3,141,127	3,681,650	4,050,886	5,499,208	6,819,504	11,675,027	8,657,493
Parks and recreation	5,268,807	5,187,155	5,197,103	4,580,856	6,108,752	7,583,300	7,718,598	7,358,718	7,103,637	7,886,241
Library	1,362,832	1,615,811	1,770,707	1,737,454	1,778,631	1,840,717	1,901,877	2,030,290	2,019,770	2,123,310
Community Services	2,398,966	1,407,035	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037	1,432,160
Economic development	740,509	775,406	673,492	654,121	602,258	597,252	633,280	777,227	758,775	806,000
Non-departmental	2,231,845	2,453,426	1,756,682	1,346,979	1,774,349	1,657,336	1,531,075	1,598,260	1,612,742	1,586,592
Capital outlay	16,597,195	13,317,472	9,670,083	18,858,678	8,073,095	1,896,176	1,710,127	3,004,317	1,967,238	3,088,627
Debt service										
Principal	640,000	10,390,000	1,893,045	2,165,000	2,240,000	2,315,000	2,400,000	2,475,000	2,675,000	1,915,000
Interest	1,006,279	1,598,507	1,386,975	1,591,687	1,511,385	1,438,474	1,360,774	1,282,979	1,281,357	1,057,091
Total expenditures	<u>46,464,011</u>	<u>54,862,504</u>	<u>42,017,916</u>	<u>51,046,676</u>	<u>41,582,474</u>	<u>38,331,138</u>	<u>39,768,894</u>	<u>45,198,278</u>	<u>48,975,634</u>	<u>48,443,840</u>
Excess of revenues over (under) expenditures	<u>(7,831,594)</u>	<u>(16,213,404)</u>	<u>(7,283,635)</u>	<u>(13,428,609)</u>	<u>(4,324,398)</u>	<u>1,511,391</u>	<u>476,656</u>	<u>(2,257,687)</u>	<u>391,437</u>	<u>499,648</u>
Other financing sources (uses)										
Issuance of debt	16,070,775	9,705,315	17,585,000	-	-	-	-	2,700,000	-	9,580,000
Payments to escrow agent	-	-	-	-	-	-	-	-	-	(10,409,413)
Premium on issuance of debt	-	-	325,061	-	-	-	-	-	-	-
Transfers in	8,893,762	17,113,212	7,210,648	6,299,052	9,115,584	7,224,179	9,582,188	12,085,037	12,481,114	9,314,997
Transfers out	(9,103,762)	(17,323,212)	(7,345,648)	(6,379,052)	(9,230,580)	(7,266,176)	(9,697,183)	(12,220,037)	(12,616,114)	(9,564,997)
Sale of capital assets	11,880	3,600	7,728	3,972	4,477	464,641	21,370	68,394	11,619	2,395
Total other financing sources (uses)	<u>15,872,655</u>	<u>9,498,915</u>	<u>17,782,789</u>	<u>(76,028)</u>	<u>(110,519)</u>	<u>422,644</u>	<u>(93,625)</u>	<u>2,633,394</u>	<u>(123,381)</u>	<u>(1,077,018)</u>
Net change in fund balances	<u>\$ 8,041,061</u>	<u>\$ (6,714,489)</u>	<u>\$ 10,499,154</u>	<u>\$ (13,504,637)</u>	<u>\$ (4,434,917)</u>	<u>\$ 1,934,035</u>	<u>\$ 383,031</u>	<u>\$ 375,707</u>	<u>\$ 268,056</u>	<u>\$ (577,370)</u>
Debt service as a percentage of noncapital expenditures	5.8%	28.9%	8.5%	13.3%	13.8%	11.7%	9.8%	6.9%	5.7%	8.4%

City of Durango, Colorado
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property & SOT</u>	<u>City Sales Tax</u>	<u>City Use Tax</u>	<u>County Sales Tax</u>	<u>Franchise & Business</u>	<u>Lodgers Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2007	1,042,280	18,680,673	1,398,502	3,272,834	1,151,488	762,925	903,567	27,212,269
2008	1,324,508	18,897,346	1,099,793	3,297,776	1,227,909	799,268	957,030	27,603,630
2009	1,360,859	17,620,117	700,534	2,965,314	1,249,447	720,337	1,042,744	25,659,352
2010	1,395,048	17,529,103	805,250	2,867,532	1,272,321	705,240	1,564,004	26,138,498
2011	1,421,387	18,162,241	834,967	2,985,380	1,279,085	722,042	932,613	26,337,715
2012	1,280,845	19,165,358	1,502,532	3,140,649	836,068	764,257	1,206,946	27,896,655
2013	1,300,863	20,314,633	1,378,454	3,390,224	1,193,499	820,832	1,056,182	29,454,687
2014	1,264,134	21,364,739	1,196,928	3,570,505	1,362,019	918,679	1,301,217	30,978,221
2015	1,285,137	22,528,320	1,449,705	3,814,184	1,571,120	974,572	2,044,994	33,668,032
2016	1,382,357	23,152,987	1,307,583	3,854,966	1,688,010	1,062,509	2,074,366	34,522,778

Effective June 1, 1999, the City increased the city sales and use tax percentage from 2.0% to 2.5%.

Effective July 1, 2005, the City increased the city sales and use tax percentage from 2.5% to 3.0%.

City of Durango, Colorado
City Sales and Use Tax Revenue
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	General City	Recreation	Open Space, Parks and Trails	Capital	Total Revenue	Total Direct Tax Rate
	Sales and Use Tax	Complex/Trails Sales and Use Tax	Sales and Use Tax	Improvements Sales and Use Tax		
2007	13,379,132	3,351,027	1,674,508	1,674,508	20,079,175	3.0%
2008	13,329,832	3,334,653	1,666,327	1,666,327	19,997,139	3.0%
2009	12,213,337	3,054,574	1,526,370	1,526,370	18,320,651	3.0%
2010	11,686,383	2,922,236	1,460,242	1,460,242	17,529,103	3.0%
2011	12,108,845	3,027,606	1,512,895	1,512,895	18,162,241	3.0%
2012	13,779,428	3,445,264	1,721,599	1,721,599	20,667,890	3.0%
2013	14,462,913	3,616,172	1,807,001	1,807,001	21,693,087	3.0%
2014	15,041,756	3,761,086	1,879,414	1,879,414	22,561,670	3.0%
2015	15,986,262	3,997,080	1,997,341	1,997,341	23,978,024	3.0%
2016	16,308,028	4,077,494	2,037,524	2,037,524	24,460,570	3.0%

The Recreation Complex/Trails sales and use tax (0.5%) became effective on June 1, 1999 and sunsets on December 31, 2019.
The Open Space, Parks and Trails sales and use tax (0.25%) and the Capital Improvements sales and use tax (0.25%)
were effective July 1, 2005 and sunset on December 31, 2026.

City of Durango, Colorado
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>La Plata County</u>	<u>State of Colorado</u>
2007	3.0%	2.0%	2.9%
2008	3.0%	2.0%	2.9%
2009	3.0%	2.0%	2.9%
2010	3.0%	2.0%	2.9%
2011	3.0%	2.0%	2.9%
2012	3.0%	2.0%	2.9%
2013	3.0%	2.0%	2.9%
2014	3.0%	2.0%	2.9%
2015	3.0%	2.0%	2.9%
2016	3.0%	2.0%	2.9%

Note: The city sales tax rate may be increased only with the approval of the city voters.

City of Durango, Colorado
Principal Sales Tax Remitters
Current Year and Ten Years Ago

<u>Classification of Individual Business</u>	<u>2016 Sales Tax Remitted</u>	<u>Percentage of Total Tax Remitted</u>	<u>2007 Sales Tax Remitted</u>	<u>Percentage of Total Tax Remitted</u>
Retail-General Merchandise	\$ 2,688,721	11.1%	\$ 2,623,489	14.8%
Retail-Food Store	1,162,448	4.8%	747,604	4.2%
Retail-Building Supplies	995,876	4.1%	851,646	4.8%
Retail-Food Store	921,744	3.8%	657,341	3.7%
Utility Services	537,478	2.2%	402,891	2.3%
Retail-Food Store	500,844	2.1%	456,437	2.6%
Lodging and Restaurant	429,012	1.8%	-	0.0%
Retail-Food Store	411,504	1.7%	218,971	1.2%
Lodging and Restaurant	302,449	1.2%	224,329	1.3%
Retail- Automotive	273,911	1.1%	-	0.0%
Total City Sales Tax Collected by 10 Largest Businesses	<u>\$ 8,223,987</u>	<u>33.8%</u>	<u>\$ 6,182,708</u>	<u>34.8%</u>
Total City Sales Tax Collected by All Businesses	<u>\$ 24,310,846</u>	<u>100%</u>	<u>\$ 17,780,916</u>	<u>100%</u>

Source: City of Durango Finance Department

Notes: Figures are based on cash basis remittances

The names of the ten largest remitters are confidential pursuant to the City Charter.

The business classification has been substituted for the name of the business.

City of Durango, Colorado
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)
	Sales and Use Tax Revenue Bonds	Certificates of Participation	General Obligation Bonds	Water & Sewer Fund Loans	Capital Leases			
2007	25,655,000	-	-	-	-	25,655,000	1.03%	1,587
2008	24,863,045	-	-	-	-	24,863,045	0.77%	1,499
2009	40,555,000	-	-	-	-	40,555,000	1.18%	2,445
2010	38,390,000	-	-	-	-	38,390,000	1.11%	2,273
2011	36,150,000	-	-	-	-	36,150,000	1.20%	2,139
2012	33,835,000	-	-	-	-	33,835,000	1.12%	1,986
2013	31,435,000	-	-	3,978,753	-	35,413,753	1.21%	2,051
2014	28,960,000	2,700,000	-	3,809,251	-	35,469,251	1.19%	2,005
2015	26,385,000	2,600,000	-	3,636,428	-	32,621,428	0.98%	1,829
2016	23,965,000	2,500,000	-	64,364,983	-	90,829,983	2.72%	5,046

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for population data. The current year was not available so the prior year's population was used.

(2) Personal income data is not available at the municipal level for the City of Durango. Estimated taxable value of property has been used instead.

Data for actual taxable value was obtained from the La Plata County Assessor's Office and is detailed on the schedule of Property Value and Construction.

City of Durango, Colorado
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
The city did not have any general obligation bonds outstanding in the last ten fiscal years.

City of Durango, Colorado
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
School District 9-R	\$40,870,000	18.6%	\$ 7,601,820
Other debt			
La Plata County Certificates of Participation	-	0.0%	-
Subtotal, overlapping debt			7,601,820
City direct debt			<u>26,465,000</u>
Total direct and overlapping debt			<u><u>\$34,066,820</u></u>

Source: Assessed valuation data was obtained from the LaPlata County Assessor's Abstract.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Durango. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Durango, Colorado
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 49,813,274	\$ 51,018,093	\$ 53,739,070	\$ 53,636,886	\$ 48,826,993	\$ 48,646,335	\$ 47,020,225	\$ 48,078,341	\$ 51,642,484	\$ 52,671,610
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 49,813,274</u>	<u>\$ 51,018,093</u>	<u>\$ 53,739,070</u>	<u>\$ 53,636,886</u>	<u>\$ 48,826,993</u>	<u>\$ 48,646,335</u>	<u>\$ 47,020,225</u>	<u>\$ 48,078,341</u>	<u>\$ 51,642,484</u>	<u>\$ 52,671,610</u>
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Under the provisions of the City of Durango Charter, Article IV, Section 21, the aggregate amount of bonds or other forms of indebtedness payable in whole or in part from the proceeds of ad valorem taxes, or to which the full faith and credit of the City are pledged (excluding such debt relating to water and excluding securities issued under Section 23) shall not

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	
Debt limit (10% of assessed valuation)	52,671,610
Debt applicable to limit:	-
General obligation bonds	-
Less: Amount set aside for repayment	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 52,671,610</u>

City of Durango, Colorado
Pledged-Revenue Coverage
Sales and Use Tax Revenue Bonds- Series 1999
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales Tax</u>	<u>Pledged Use Tax</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	3,114,068	236,959	3,351,027	640,000	549,677	1,189,677	2.82
2008	3,151,317	183,336	3,334,653	9,765,000	961,388	10,726,388	0.31
2009	-	-	-	-	-	-	0.00
2010	-	-	-	-	-	-	0.00
2011	-	-	-	-	-	-	0.00
2012	-	-	-	-	-	-	0.00
2013	-	-	-	-	-	-	0.00
2014	-	-	-	-	-	-	0.00
2015	-	-	-	-	-	-	0.00
2016	-	-	-	-	-	-	0.00

Note: The pledged revenue for the Series 1999 issue is a one-half cent sales and use tax increase that became effective in June 1999. The pledged taxes sunset December 31, 2019. They are held in the Recreation Complex/Trails Fund. These bonds were refinanced in 2009.

City of Durango, Colorado
Pledged-Revenue Coverage
Sales and Use Tax Revenue Bonds- Series 2007
Last Ten Fiscal Years

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2007	1,556,100	118,408	1,674,508	-	456,602	456,602	-
2008	1,574,714	91,613	1,666,327	625,000	637,119	1,262,119	1.32
2009	1,468,016	58,354	1,526,370	645,000	612,119	1,257,119	1.21
2010	1,460,242	67,077	1,527,319	670,000	586,319	1,256,319	1.22
2011	1,512,895	69,553	1,582,448	695,000	559,519	1,254,519	1.26
2012	1,596,438	125,161	1,721,599	725,000	531,719	1,256,719	1.37
2013	1,692,176	114,825	1,807,001	750,000	502,719	1,252,719	1.44
2014	1,779,655	99,759	1,879,414	780,000	472,719	1,252,719	1.50
2015	1,876,581	120,760	1,997,341	815,000	441,519	1,526,519	1.31
2016	-	-	-	-	-	-	-

Note: The pledged revenue for the Series 2007 issue is fifty percent of a one-half cent sales and use tax increase that became effective in July 2005. The pledged taxes sunset December 31, 2026. They are held in the Capital Improvements Fund. These bonds were refinanced in 2016.

City of Durango, Colorado
Pledged-Revenue Coverage
Sales and Use Tax Revenue Bonds- Series 2008
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales Tax</u>	<u>Pledged Use Tax</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	-	-	-	-	-	-	-
2008	12,596,601	733,231	13,329,832	-	-	-	-
2009	11,746,290	467,047	12,213,337	833,045	327,279	1,160,324	-
2010	11,686,383	536,861	12,223,244	840,000	326,283	1,166,283	10.48
2011	12,108,845	556,672	12,665,517	865,000	298,983	1,163,983	10.88
2012	12,777,690	1,001,738	13,779,428	895,000	270,870	1,165,870	11.82
2013	13,543,897	919,016	14,462,913	935,000	239,545	1,174,545	12.31
2014	14,243,981	797,772	15,041,753	965,000	209,625	1,174,625	12.81
2015	15,019,744	966,518	15,986,262	1,005,000	173,438	1,178,438	13.57
2016	15,436,263	871,765	16,308,028	1,040,000	133,238	1,173,238	13.90

Note: The pledged revenue for the Series 2008 issue is the General Fund two percent sales and use tax.

City of Durango, Colorado
Pledged-Revenue Coverage
Sales and Use Tax Revenue Bonds- Series 2009
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales Tax</u>	<u>Pledged Use Tax</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	11,746,290	467,047	12,213,337	415,000	447,577	862,577	14.16
2010	11,686,383	536,861	12,223,244	655,000	679,085	1,334,085	9.16
2011	12,108,845	556,672	12,665,517	680,000	652,885	1,332,885	9.50
2012	12,777,690	1,001,738	13,779,428	695,000	635,885	1,330,885	10.35
2013	13,543,897	919,016	14,462,913	715,000	618,510	1,333,510	10.85
2014	14,243,981	797,772	15,041,753	730,000	600,635	1,330,635	11.30
2015	15,019,744	966,518	15,986,262	755,000	578,735	1,333,735	11.99
2016	15,436,263	871,765	16,308,028	775,000	554,198	1,329,198	12.27

Note: The pledged revenue for the Series 2009 issue is the General Fund two percent sales and use tax.

City of Durango, Colorado
Pledged-Revenue Coverage
Sales and Use Tax Revenue Note- Series 2016
Last Ten Fiscal Years

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	1,928,602	108,922	2,037,524	-	-	-	0.00

Note: The pledged revenue for the Series 2007 issue is fifty percent of a one-half cent sales and use tax increase that became effective in July 2005. The pledged taxes sunset December 31, 2026. They are held in the Capital Improvements Fund.

City of Durango, Colorado
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Population (1)</u>	<u>County Population (1)</u>	<u>Personal Income (2)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2007	16,169	49,758	1,998,215,000	40,231	2.8%
2008	16,586	50,241	2,107,711,000	41,627	3.6%
2009	16,586	51,291	2,046,678,000	39,769	5.7%
2010	16,887	51,334	2,073,769,260	42,364	6.9%
2011	16,903	51,431	2,149,060,330	43,453	5.5%
2012	17,033	51,944	2,207,784,320	45,476	6.0%
2013	17,269	52,506	2,484,802,000	46,633	5.5%
2014	17,689	53,446	2,579,790,000	47,784	5.1%
2015	17,834	53,989	2,815,067,000	51,475	3.0%
2016	18,101	54,688	N/A	N/A	2.9%

Sources:

- (1) State of Colorado Division of Local Government Demography Office.
- (2) Personal income and per capita personal income statistics are not available at the municipal level for the City. La Plata County statistics provided by the US Department of Commerce, Bureau of Economic Analysis are shown.
- (3) Colorado Department of Labor and Employment for La Plata County.

Notes: The Colorado Demographer's Office forecasts population estimates for counties, but not for municipalities.

City of Durango, Colorado
Principal Employers
Current Year and Nine Years Ago

Employer	2016*		2007	
	Employees	Percentage of Total County Employment*	Employees	Percentage of Total County Employment
Durango Mountain Resort/Purgatory	1000	3.3%	333	1.1%
Mercy Medical Center	860	2.9%	724	2.3%
Durango School District 9R	853	2.8%	795	2.6%
Southern Ute Tribe	795	2.6%	744	2.4%
Crossfire	705	2.3%	-	0.0%
Fort Lewis College	660	2.2%	645	2.1%
City of Durango	546	1.8%	458	1.5%
La Plata County	434	1.4%	388	1.2%
Southern Ute Lodge & Casino	425	1.4%	301	1.0%
Vantiv	365	1.2%	-	0.0%
US Government	-	0.0%	-	0.0%
Wal-Mart	-	0.0%	382	1.2%
Flint Energy Services	-	0.0%	222	0.7%
Total	<u>4,783</u>	<u>15.9%</u>	<u>3,935</u>	<u>12.6%</u>
 Total La Plata County Employment	 <u>30,030</u>	 <u>100%</u>	 <u>31,162</u>	 <u>100%</u>

Source: Region 9 Economic Development District of SW Colorado

* Some employers provided an average number of employees and others provided actual FTE counts

Notes: Employer data is not available at the municipal level. Data presented is for La Plata County.

The most recent data available is provided in the schedule.

City of Durango, Colorado
Property Value and Construction
Last Ten Fiscal Years

Fiscal Year	Property Value (1)			Commercial Construction (2)		New Residential & Other Construction (2)	
	Commercial	Residential	Total	Number of Permits	Value	Number of Permits(Units)	Value
2007	900,596,743	1,579,096,357	2,479,693,100	11	11,648,621	612(253)	53,540,103
2008	1,147,535,650	2,066,213,190	3,213,748,840	5	5,601,110	23 (86)	12,534,971
2009	1,246,459,259	2,201,193,467	3,447,652,726	0	-	21 (30)	15,589,725
2010	1,246,459,259	2,201,193,467	3,447,652,726	3	1,067,588	25 (54)	15,589,170
2011	944,478,790	2,071,047,330	3,015,526,120	4	1,449,910	39 (42)	7,822,044
2012	944,478,790	2,071,047,330	3,015,526,120	9	20,666,680	391(42)	23,353,205
2013	911,382,230	2,009,083,420	2,920,465,650	5	11,803,699	516(100)	36,622,639
2014	935,081,880	2,047,280,250	2,982,362,130	4	4,745,726	70(138)	20,860,867
2015	957,824,280	2,382,562,440	3,340,386,720	7	9,909,232	495(196)	49,571,608
2016	NA	NA	NA	7	2,164,878	434(64)	37,586,147

Sources:

(1) Estimated actual value was obtained from the La Plata County Assessor's Office.

(2) Per the City of Durango Planning and Community Development Department.

Notes: Property values are reassessed every two years by the La Plata County Assessor's Office.

City of Durango, Colorado
Full-time Regular City Government Employees by Function/Program
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
General government	60.50	63.00	65.00	54.00	52.37	53.42	57.25	66.42	69.42	69.42
Public safety	87.00	87.00	89.00	84.00	84.00	84.00	85.00	86.00	86.00	87.00
Public works	27.00	27.00	26.00	23.00	19.00	18.50	19.00	19.00	21.00	23.00
Parks and recreation	31.00	32.00	29.00	24.00	24.00	26.00	29.00	30.00	32.00	32.00
Library	17.50	21.50	22.50	21.50	20.50	20.50	20.50	20.50	20.50	20.50
Joint venture airport	13.00	16.00	14.00	12.00	16.00	16.00	17.00	17.00	21.00	23.00
Water utility	15.00	16.00	16.00	16.00	16.00	15.75	17.00	21.60	20.80	21.80
Sewer utility	12.00	12.00	12.00	12.00	12.00	12.75	16.00	16.40	17.40	17.80
Parking	5.00	5.00	5.00	6.00	6.00	6.00	6.00	0.00	0.00	0.00
Sustainable Services	7.00	8.00	8.75	10.00	12.50	12.50	12.50	12.00	12.33	13.34
Public transit	17.00	17.00	17.00	17.00	17.33	18.33	19.33	0.00	0.00	0.00
Transportation Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.33	30.00	32.00
190 Total	292.00	304.50	304.25	279.50	279.70	283.75	298.58	316.25	330.45	339.86

Source: City Budgets.

Notes: General government function includes internal service funds full-time employees. Represents full time benefitted positions for each year presented.

The Public safety function included fire department employees for 1999 through 2001 when the department was merged with two fire districts into the Durango Fire and Rescue Authority.

The Airport is jointly owned by the City and the County. The City took over the management responsibility for operations of the airport in 2003.

City of Durango, Colorado
Operating Indicators by Function/Program
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>										
<i>General Government</i>										
Building permits issued	623	369	365	416	392	400	521	572	502	441
Value of buildings (millions)	\$ 65.2	\$ 35.0	\$ 38.6	\$ 16.7	\$ 22.5	\$ 44.0	\$ 48.4	\$ 40.2	\$ 42.5	\$ 39.8
Building construction inspections	1,756	1,215	860	802	781	854	1,191	1,141	1,182	1,126
Acres annexed	27.6	9,702	9,934	0	592,965	772.2	774.82	3655.9	3655.9	3655.9
Area in square miles	9.84	9.85	9.85	9.85	10.83	11.12	13.85	19.57	19.57	19.57
<i>Public Safety</i>										
Total number of police incidents	35,030	32,900	32,607	34,730	37,836	39,705	34,105	37,466	39,702	40,673
Number of 911 calls received	16,026	16,912	16,299	16,483	16,071	18,180	17,677	18,855	19,002	20,195
<i>Public Works</i>										
Street miles swept	12,435	12,512	8,136	8,124	10,357	11,873	10,840	10,630	11,317	12,100
Tons hot mix applied	116	353	254	355	169	242	302	225	359	339
Signs replaced/installed	1,397	1,071	956	770	1,931	2,448	2,149	1,546	1,439	1,933
Snow hauled (cubic yards)	5,050	57,660	32,580	34,760	10,490	18,975	8,998	380	15,190	17,620
<i>Parks and Recreation</i>										
Recreation Center admissions	361,243	337,338	348,881	331,569	339,906	339,666	362,889	371,149	366,006	370,376
Program participants	35,272	35,833	32,368	29,765	30,820	30,987	34,541	36,712	37,445	38,373
Park & River permits issued	210	200	188	185	180	213	221	250	267	303
<i>Library</i>										
Number of volumes/materials	92,753	94,894	101,401	103,346	111,461	118,501	106,432	107,963	120,508	116,455
Circulation	274,117	260,249	366,905	385,893	424,083	445,377	449,110	440,938	440,508	386,720
<i>Water utility</i>										
Gallons of water treated (MG)	1,190	1,283	1,274	1,199	1,301	1,399	1,407	1,422	1,288	1,232
Number of water consumers	6,050	6,171	6,281	6,213	6,252	6,510	6,488	6,485	6,690	7,674
Water main breaks	22	31	24	24	18	28	25	27	19	32
<i>Sewer utility</i>										
Gallons of wastewater treated (MG)	673.587	734.675	716	715	710	718	639	694	690	482
Average daily use (MG)	1.845	2.007	2	2	2	2	2	2	2	2
<i>Solid waste</i>										
Commercial accounts	564	374	395	453	430	450	486	537	552	571
Residential	4181	4,339	4,375	4,442	4,422	4,469	4,542	4,548	4,574	4746
Cubic yards refuse hauled	21,459	18,559	17,291	20,399	21,400	21,966	24,288	23,584	24,826	25146
<i>Public transit</i>										
Passengers	273,345	365,048	436,768	490,582	583,622	629,573	613,621	583,756	472,943	470703
Cost per trip (dollars)	\$ 4.41	\$ 3.87	\$ 3.93	\$ 6.38	\$ 3.68	\$ 3.59	\$ 3.29	\$ 2.59	\$ 4.64	4.95

Sources: Various city departments and from December Department Monthly Reports.
Notes: The Recreation Center opened in January 2002.

City of Durango, Colorado
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>										
<i>Public Safety</i>										
Number of police vehicles	27	29	33	33	34	36	37	37	37	38
<i>Public Works</i>										
Miles of streets	70.06	73.42	74.83	74.9	74.9	74.9	74.9	74.9	74.9	77.15
<i>Parks and Recreation</i>										
Parkland-developed acres	207.75	207.81	174.09	174.09	174.09	174.09	175.69	175.69	193.67	193.67
Parkland- undeveloped acres	60.42	60.42	111.43	111.43	111.43	112.17	112.55	112.55	109.85	109.85
Open space -acres	929.3	935.51	1510.61	2245.00	2639.00	2724.00	2867.45	3001.08	3001.63	3004.98
Number of playgrounds	19	18	19	19	19	19	19	19	19	19
<i>Library</i>										
Number of libraries	1	1	1	1	1	1	1	1	1	1
<i>Water utility</i>										
Miles of water lines	129.86	130.4	134.3	134.62	134.62	134.62	135.6	136	137	145.6
<i>Sewer utility</i>										
Miles of sewer lines	94.22	95.7	96.05	96.13	96.13	96.13	100	101.5	101.5	104.7
<i>Parking</i>										
Number of parking lots	4	4	4	4	4	4	4	4	4	4
<i>Solid waste</i>										
Transfer station	1	1	1	1	1	1	1	1	1	1
Recycling center	1	1	1	1	1	1	1	1	1	1
<i>Public transit</i>										
Number of buses	13	14	15	15	16	13	16	16	16	16



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

Honorable Mayor and
Members of the City Council
City of Durango
Durango, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Durango's basic financial statements, and have issued our report thereon dated June 6, 2017.

Internal Control Over Financial Reporting

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

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

Honorable Mayor and Member of the City Council
City of Durango

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Durango's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
June 6, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
City of Durango Single Audit
Durango, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Durango's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Durango's major federal programs for the year ended December 31, 2016. The City of Durango's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Durango's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Durango's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Durango's compliance.

Honorable Mayor and
Members of the City Council
Durango, Colorado

Opinion on Each Major Federal Program

In our opinion, the City of Durango complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. Report on Internal Control Over Compliance.

Management of the City of Durango is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Durango's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Durango's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Broomfield, Colorado
June 6, 2017

City of Durango, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Airport Improvement Program	20.106	AIP 45	\$ 4,262,866
Airport Improvement Program	20.106	AIP 46	336,024
Airport Improvement Program	20.106	AIP 47	252,847
Total Airport Improvement Program			<u>4,851,737</u>
Pass-Through Program From:			
Colorado Department of Transportation			
FTA Public Transportation Grant	20.509	5311	913,800
FTA Public Transportation Grant	20.513	5310	66,900
FTA Metropolitan & Statewide Planning Grant	20.505	5304	17,222
FTA Planning Grant	20.520	5320	71,410
FHWA Safe Routes to School	20.205	20220	152,654 *
FHWA SAFETEA-LU Grant	20.205	19902	1,089,711 *
FHWA SAFETEA-LU Grant	20.205	18346	640,952 *
Total Colorado Department of Transportation Program			<u>2,952,649</u>
Other Financial Assistance:			
Passenger Facility Charges	20.xxx		-
Total U.S. Department of Transportation			<u>7,804,386</u>
U.S. Department of Justice			
Pass Through Program from:			
Colorado Department of Public Safety			
Bureau of Justice Assistance, Bulletproof Vest Partnership	16.607		7,410
Internet Crimes Against Children	16.543		4,000
Total U.S. Department of Justice			<u>11,410</u>
U.S. Department of Homeland Security:			
Pass Through Program from:			
Colorado Department of Homeland Security and Emergency Management			
FEMA Pre-Disaster Mitigation Grant	97.047	PDM2014001105	730,411
Office of Emergency Management, Emergency Management Performance Grant	97.042	9EM09L135	30,000
Total U.S. Department of Homeland Security			<u>760,411</u>
U.S. Department of Housing and Urban Development:			
Pass Through Program from:			
Colorado Department of Local Affairs			
Community Development Block Grant	14.228	16-038	459,750
Total U.S. Department of Housing and Urban Development			<u>459,750</u>
Environmental Protection Agency			
Superfund State Political Subdivision and Indian Tribe Site Specific Cooperative Agre	66.802	96836501	55,403
Pass Through Program from:			
Colorado Department of Public Health Gold King Event	66.802		101,465
			<u>156,868</u>
Total Expenditures of Federal Awards			<u>\$ 9,192,825</u>

Notes to schedule:

The Schedule of Expenditure of Federal Awards includes the federal grant activity of the City of Durango, Colorado, including grants passed through to the Durango - La Plata County Airport. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Expenditures have been recognized using the modified accrual basis of accounting. Some amounts presented may differ from the amounts reported in, or used in the preparation of the financial statements. The 10% de minimus cost rate was used in the preparation of this statement.

*Highway Planning and Construction Cluster - Total \$1,888,317

CITY OF DURANGO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major program:

CFDA

Number(s)	Name of Federal Program or Cluster
20.509	U.S. Department of Transportation, Federal Transit Administration
20.106	U.S. Department of Transportation, Federal Aviation Administration

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

CITY OF DURANGO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Audit Findings

None.