

CITY OF LA JUNTA, COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2016



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CITY OF LA JUNTA, COLORADO

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of La Junta, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of La Junta, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of La Junta, Colorado, 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, analysis, pension schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 La Junta, Colorado's basic financial statements. The combining and individual fund financial statements and the local highway finance report 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the local highway finance report 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 combining and individual fund financial statements, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the City of La Junta, Colorado'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 results 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 the City of La Junta Colorado's internal control over financial reporting and compliance.

Hancock Froese & Company LLC

Hancock Froese & Company LLC

Rocky Ford, Colorado

May 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of The City of La Junta, Colorado (the "City") offers readers of the City's annual financial report this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

FINANCIAL HIGHLIGHTS

1. Assets of the City exceed its liabilities by \$62,573,264 in 2016 compared to \$63,193,289 in 2015. Of these amounts, the City's Business-type Activities were \$36,664,986 in 2016 compared to \$36,168,576 in 2015 and the City's Governmental Activities were \$25,908,278 in 2016 compared to \$27,024,713 in 2015. Unrestricted net position total was \$16,737,403 in 2016 compared to \$17,956,093 in 2015 and may be used to meet the City's on-going obligations.
2. By far, the largest portion of the City's net position is its net investment in capital assets. Net investment in capital assets was \$44,356,027 in 2016 compared to \$43,805,875 in 2015. The infrastructure consists of streets, bridges, and storm sewers. Estimated historical cost was used to initially value the infrastructure.
3. The City's debt for the enterprise funds is for the construction of a waste-water treatment facility and the construction of a reverse osmosis water treatment plant with associated raw water mains and water main across the Arkansas River. The City received loans of \$13,348,899 in 2015 to construct the new waste-water facility and \$1,830,000 in 2009 to construct new water tanks. These loans are through the Colorado Water Resource and Power Development Authority. Also included in enterprise fund debt are sewer lagoon improvements at the Industrial Park, post closure costs on landfill, and compensated absences for a total noncurrent liability balance reported of \$19,340,884 in 2016 compared to \$20,560,534 in 2015. Otero County Landfill Inc. (OCLI) required the City to fund post closure costs for the Sanitation Fund of \$727,000.
4. The Restricted Net Position includes 1) \$227,900 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, 2) \$349,194 of non-expendable endowments for the library and cemetery, 3) \$67,456 restricted assets, 4) \$51,884 of non-expendable notes, and 5) \$783,400 of cash restricted for operations and maintenance.
5. The City continues working with ARPA with the power plant in Lamar. It is involved in a lawsuit with B&W on its inability to get the boiler to comply with EPA regulations on emissions. ARPA won the lawsuit, but is waiting to see if they appeal the decision. The plant will be evaluated to be dismantled and sold in 2017 or 2018. There was another lawsuit filed by City of Lamar for breach of contract between them and ARPA.
6. The City continued using the Property Management Fund to help fund economic development with the revenues from building rents of city-owned industrial and commercial buildings. The City transferred \$77,367 from its Property Management Fund to the Economic Development Fund.
7. The City's **governmental funds** reported a combined ending fund balance of \$7,055,754 in 2016 compared to \$7,603,156 in 2015 including the General Fund with \$5,464,227 in 2016 compared to \$5,914,381 in 2015, the Southwest Amtrak Improvement Fund with \$0 in 2016 compared to \$0 in 2015 and other Governmental Funds with \$1,591,527 in 2016 compared to \$1,688,775 in 2015.
8. The **governmental funds** reported total assigned and unassigned fund balances of \$6,355,146 in 2016 compared to \$6,947,650 in 2015. The combined assigned and unassigned fund balance is made up of \$5,168,871 in 2016 compared to \$5,647,076 in 2015 from the General Fund and \$1,186,275 in 2016 compared to \$1,300,574 in 2015 from other non-major funds.
9. The City's **proprietary funds** reported a combined Total Net Position of \$35,691,272 in 2016 compared to \$35,284,860 in 2015 of which \$9,018,312 in 2016 compared to \$8,895,042 in 2015 is unrestricted.

10. The City's **proprietary funds** reported combined cash or equivalents and cash with trustee of \$19,922,233 in 2016 compared to \$21,425,507 in 2015 compared to accumulated depreciation of \$44,839,528 in 2016 compared to \$42,988,497 in 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information, and a section that presents combining statements for nonmajor governmental funds, internal service funds and budget statements. This discussion and analysis serves as an introduction to La Junta's basic financial statements. The City's basic financial statements consist of three components:

1. City-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
2. Fund financial statements that focus on individual parts of the City government, reporting in more detail than the City-wide statements.
3. Notes to the financial statements that explain some of the information in the financial statements and provide detailed data.

This report also contains required and other additional information in addition to the basic financial statements.

Government-wide Financial Statements:

The *Government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. These statements use the accrual basis of accounting with the measurement focus on that of economic resources. All assets and liabilities, both financial and capital, short-term and long-term, are included. All revenues and expenses during the year, regardless of when cash is received, are reported. The government-wide financial statements consist of two statements:

1. The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as "*net position*". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
2. The **Statement of Activities** presents information reporting how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Economic Development, and Interest on Long Term Debt. The business-type activities of the City include Electric, Water, Sewer, Sanitation, and Property Management.

Fund Financial Statements:

A *Fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds can be divided into three categories:

- Governmental funds
- Proprietary funds
- Internal service funds

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the Government-wide financial statements. Unlike the Government-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed *short-term* view of the City's general government operations and may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the City-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the City-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the *governmental fund* Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

The City maintains 10 individual governmental funds. Information is presented separately in the *governmental fund* Balance sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds. Individual fund information is presented for the General Fund and the Southwest Amtrak Improvement Fund, which are major funds. Information for the remaining governmental funds is combined into a single "other governmental funds" column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented in the Supplemental Information portion of the report. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds: The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Government-wide financial statements. These include activities that the City operates similar to a private business. Proprietary funds use the accrual basis of accounting and focus on the accumulation and use of economic resources. Proprietary fund financial statements include the Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. All assets and liabilities, both financial and capital, and short-term and long-term, are included with these statements. All revenues earned and expenses incurred during the year are also included regardless of when cash is received or paid. The City uses Enterprise Funds to account for the Electric, Water, Sewer, Sanitation, and Property Management activities.

Internal service funds: Internal service funds are used to accumulate and allocate costs internally among the City's functions. The City uses an Internal Services Fund to account for the provision of equipment provided by the City for its various departments known as the City Service Fund. Departments utilize a rental charge reimbursement rate to provide the resources necessary to fund future acquisitions. In addition, an Employee Benefit Fund is utilized to provide health coverage for its employees. Because these two internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the Government-wide financial statements.

All internal service funds are combined into a single aggregated column presentation. Individual fund data for the internal service funds is provided in the form of combining statements presented in the supplemental information portion of the report.

Notes to the Basic Financial Statements:

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

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. The City adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirement.

Other Information:

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the City as a Whole

Net Position

Net position may serve as a useful indicator of a government's financial position. In the case of the City of La Junta, assets exceeded liabilities by \$62,573,264 in 2016 compared to \$63,193,289 in 2015.

By far the largest portion of the City's net position (66%) reflects the net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the City's control. Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors. The City is able to report positive balances in all three categories of net positions, both for the government as a whole, as well as for its separate governmental and business-type activities.

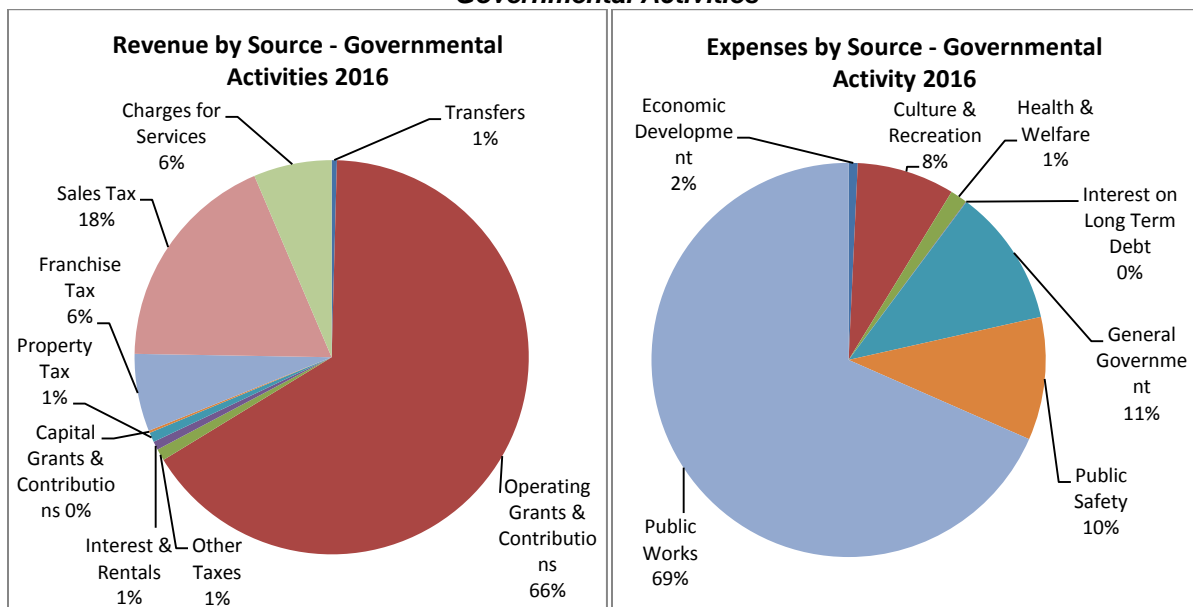
The City's combined net position was:

City of La Junta - Combined Net Position as of December 31,

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets: | | | | | | |
| Current and other | \$23,699,234 | \$11,055,192 | \$24,949,681 | \$26,221,215 | \$48,648,915 | \$37,276,407 |
| Capital assets | <u>17,960,778</u> | <u>18,459,272</u> | <u>33,099,813</u> | <u>32,764,900</u> | <u>51,060,591</u> | <u>51,224,172</u> |
| Total Assets | 41,660,012 | 29,514,464 | 58,049,494 | 58,986,115 | 99,709,506 | 88,500,579 |
| Deferred Outflows | <u>160,781</u> | <u>94,295</u> | <u>-</u> | <u>-</u> | <u>160,781</u> | <u>94,295</u> |
| Total Assets and Deferred Outflow | <u>\$41,820,793</u> | <u>\$29,608,759</u> | <u>\$58,049,494</u> | <u>\$58,986,115</u> | <u>\$99,870,287</u> | <u>\$88,594,874</u> |
| Liabilities: | | | | | | |
| Long-term debt | \$ 2,304,553 | \$ 2,047,370 | \$18,136,036 | \$20,560,534 | \$ 20,440,589 | \$ 22,607,904 |
| Other liabilities | <u>13,505,062</u> | <u>432,976</u> | <u>3,248,472</u> | <u>2,257,005</u> | <u>16,753,534</u> | <u>2,689,981</u> |
| Total Liabilities | <u>15,809,615</u> | <u>2,480,346</u> | <u>21,384,508</u> | <u>22,817,539</u> | <u>37,194,123</u> | <u>25,297,885</u> |
| Deferred Inflows | <u>102,900</u> | <u>103,700</u> | <u>-</u> | <u>-</u> | <u>102,900</u> | <u>103,700</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 17,960,778 | 18,195,057 | 25,889,560 | 25,610,818 | 43,850,338 | 43,805,875 |
| Restricted | 696,434 | 652,321 | 783,400 | 779,000 | 1,479,834 | 1,431,321 |
| Unrestricted | <u>7,251,066</u> | <u>8,177,335</u> | <u>9,992,026</u> | <u>9,778,758</u> | <u>17,243,092</u> | <u>17,956,093</u> |
| Total Net Position | <u>25,908,278</u> | <u>27,024,713</u> | <u>36,664,986</u> | <u>36,168,576</u> | <u>62,573,264</u> | <u>63,193,289</u> |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$41,820,793</u> | <u>\$29,608,759</u> | <u>\$58,049,494</u> | <u>\$58,986,115</u> | <u>\$99,870,287</u> | <u>\$88,594,874</u> |

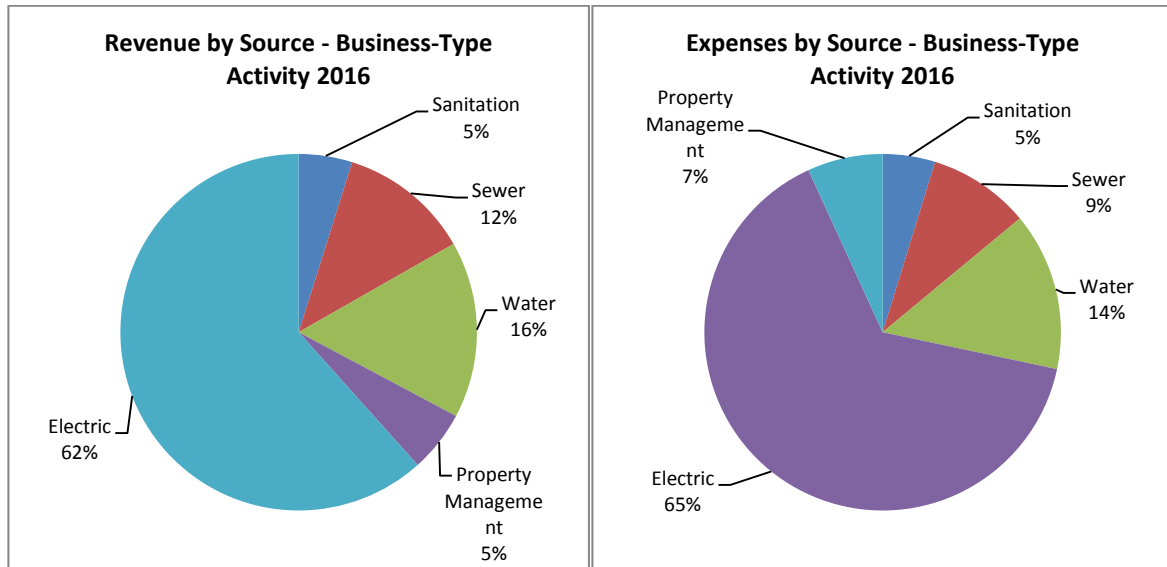
Restrictions in the governmental activities include \$227,900 for statutory reserves for emergencies by TABOR.

**Changes in Net Position
Governmental Activities**



- Governmental activities decreased the City of La Junta’s net position by \$1,116,435 in 2016 compared to a decrease of \$646,917 in 2015. This was due to a decrease in tax revenue from the prior year.
- Tax revenues are comprised of property tax, sales and use tax, franchise tax, and other taxes. Sales tax totaled 70% of all taxes and 66% of all governmental activity revenue. The property tax rate is 3.104 mills. It has remained unchanged for over 34 years. Property tax is 3% of all taxes and 3% of the governmental activity revenue.

Business-type activities



- The business-type activities include the Electric, Water, Sewer, Sanitation, and Property Management Funds.
- In the business-type activities, the net position change after transfers was \$496,410 in 2016 compared to (\$206,511) in 2015

Charges for services for the business-type activities for 2016 and 2015 are as follows:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Electric | \$ 11,149,774 | \$ 11,420,039 |
| Water | 2,900,293 | 2,812,837 |
| Sewer | 2,152,828 | 1,626,688 |
| Sanitation | 878,355 | 875,745 |
| Property Management | <u>1,009,819</u> | <u>847,518</u> |
| Total Charges for Services | <u>\$ 18,091,069</u> | <u>\$ 17,582,827</u> |

Electric charges difference is due to energy cost adjustment from buying medium term power from the grid while power plant is under review and increased customer usage.

The following table reflects a condensed summary of activities and changes in net position:

City of La Junta - Changes in Net Position as of December 31,

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|----------------------------------|--------------------------------|--------------|---------------------------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,307,438 | \$ 1,320,424 | \$18,091,069 | \$17,582,827 | \$19,398,507 | \$18,903,251 |
| Operating Grants & Contributions | 13,429,527 | 497,467 | - | - | 13,429,527 | 497,467 |
| Capital Grants & Contributions | 38,253 | 14,010 | 51,055 | 2,300 | 89,308 | 16,310 |

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|---------------------|----------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| General Revenues: | | | | | | |
| Property Tax | 161,213 | 155,764 | - | - | 161,213 | 155,764 |
| Sales Tax | 3,735,048 | 3,661,397 | - | - | 3,735,048 | 3,661,397 |
| Franchise Tax | 1,296,494 | 1,244,705 | - | - | 1,296,494 | 1,244,705 |
| Other Taxes | 197,053 | 190,949 | - | - | 197,053 | 190,949 |
| Interest & Rentals | 142,487 | 134,536 | 74,156 | 15,320 | 216,643 | 149,856 |
| Other | 53,691 | 66,792 | 481,279 | 318,021 | 534,970 | 384,813 |
| Total Revenues | <u>\$20,361,204</u> | <u>\$ 7,286,044</u> | <u>\$18,697,559</u> | <u>\$17,918,468</u> | <u>\$39,058,763</u> | <u>\$25,204,512</u> |
| Expenses | | | | | | |
| General Government | \$ 2,435,359 | \$ 2,627,671 | \$ - | \$ - | \$ 2,435,359 | \$ 2,627,671 |
| Public Safety | 2,175,926 | 1,980,623 | - | - | 2,175,926 | 1,980,623 |
| Public Works | 14,757,046 | 1,121,091 | - | - | 14,757,046 | 1,121,091 |
| Health & Welfare | 303,533 | 288,571 | - | - | 303,533 | 288,571 |
| Culture & Recreation | 1,727,439 | 1,867,332 | - | - | 1,727,439 | 1,867,332 |
| Economic Development | 160,450 | 166,048 | - | - | 160,450 | 166,048 |
| Interest-Long Term Debt | 9,273 | 9,569 | - | - | 9,273 | 9,569 |
| Electric | - | - | 11,746,464 | 11,850,858 | 11,746,464 | 11,850,858 |
| Water | - | - | 2,596,666 | 2,584,113 | 2,596,666 | 2,584,113 |
| Sewer | - | - | 1,670,526 | 1,598,565 | 1,670,526 | 1,598,565 |
| Sanitation | - | - | 862,130 | 714,540 | 862,130 | 714,540 |
| Property Management | - | - | 1,237,996 | 1,252,411 | 1,237,996 | 1,252,411 |
| Total Expenses | <u>21,569,026</u> | <u>\$ 8,060,905</u> | <u>18,113,782</u> | <u>18,000,487</u> | <u>39,682,808</u> | <u>26,061,392</u> |
| Excess (Deficiency) Before Contributions and Transfers | (1,207,822) | \$ (774,861) | 583,777 | (82,019) | (624,045) | (856,880) |
| Contributions | 4,020 | 3,452 | - | - | 4,020 | 3,452 |
| Transfers In (Out) | <u>87,367</u> | <u>124,492</u> | <u>(87,367)</u> | <u>(124,492)</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | (1,116,435) | (646,917) | 496,410 | (206,511) | (620,025) | (853,428) |
| Net Position - Beginning As restated | <u>27,024,713</u> | <u>27,671,630</u> | <u>36,168,576</u> | <u>36,375,087</u> | <u>63,193,289</u> | <u>64,046,717</u> |
| Net Position Ending | <u>\$25,908,278</u> | <u>\$27,024,713</u> | <u>\$36,664,986</u> | <u>\$36,168,576</u> | <u>\$ 62,573,264</u> | <u>\$63,193,289</u> |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of La Junta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City of La Junta's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. As of the end of the year, the City's governmental funds reported a combined fund balance of \$7,055,754 in 2016 compared to \$7,603,156 in 2015. This is a decrease of \$547,402. Of that fund balance, \$3,873,771 in 2016 compared to \$4,903,976 in 2015 constitutes unassigned fund balance, which is available for spending at the government's discretion. This is a decrease of \$1,030,205. Restricted and Nonspendable fund balances increased to \$700,608 in 2016 from \$655,511 in 2015.

The fund balance is restricted to indicate that it is not available for new spending because it has already been committed for 1) receivables not currently available \$51,884, 2) permanent endowments \$353,368 3) for a state constitution mandated emergency reserve-TABOR \$227,900, and 4) cash restricted for airport improvements \$67,456.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,873,771 in 2016 compared to \$4,903,976 in 2015, while the total fund balance was \$5,464,227 in 2016 compared to \$5,914,381 in 2015. The General Fund had revenues under expenditures in the amount of \$450,154 in 2016 compared to revenues over expenditures in 2015 in the amount of \$181,431.

The **Southwest Amtrak Improvement Fund** is a special revenue fund used to account for the revenues and expenditures made and received for the Southwest Chief Route Advancement and Improvement Project. This is a reimbursement grant therefore in 2016 both revenue and expenditures recognized were \$12,905,976. As of 12/31/2016 a receivable in the amount of \$11,656,976 was recognized from Federal and Non-Federal sources.

Individual fund data for each of the **non-major** governmental funds is provided in the form of **combining statements** elsewhere in the report. The non-major governmental funds include the Special Revenue, Debt Service and Permanent Funds. The Special Revenue Funds are the Conservation Trust, Economic Development Fund, Urban Renewal Authority, La Junta Capital Inc., Moving Violation Surcharge, and Lodging Tax Tourism Fund. The Debt Service Fund is the General Improvement District. The Permanent Funds are the Library and Cemetery Endowments.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements. All of the City's proprietary funds are major funds. The funds include Electric, Water, Sewer, Sanitation, and Property Management.

The unrestricted net position balances and the change in net positions of the City's proprietary funds are reflected in the following table:

| | <u>Change in Net Position – Proprietary Funds</u> | | | |
|--------------------------------------|--|----------------------------|-----------------------------------|----------------------------|
| | Unrestricted Net Position | | Change in Net Position | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| <u>Major Enterprise Funds</u> | | | | |
| Electric | \$ 7,618,612 | \$ 7,924,292 | \$ (430,489) | \$ (380,616) |
| Water | 434,416 | 222,599 | 395,126 | 218,822 |
| Sewer | (21,645) | (364,033) | 722,858 | 8,243 |
| Sanitation | 781,732 | 791,079 | 6,517 | 147,411 |
| Property Management | <u>(300,492)</u> | <u>321,105</u> | <u>(287,600)</u> | <u>(337,958)</u> |
| Total Enterprise Funds | <u>\$ 8,512,623</u> | <u>\$ 8,895,042</u> | <u>\$ 406,412</u> | <u>\$ (344,098)</u> |

INTERNAL SERVICES FUNDS

Internal services funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The City's internal service funds are used to account for a self-insured health benefit plan and a capital equipment acquisition program.

The **Employee Benefit Fund** is an internal service fund used to account for the City's self-insured health benefit program. Revenues to support the program originate from two primary sources:

1. Employee contributions toward the cost of the health benefit program premiums,
2. City contributions toward the cost of the health benefit program premiums.

Expenses include claims, stop-loss premiums and plan administration for a health benefit program for employees and their families.

Reserves, as they relate to the health benefit program, should be increased to provide financial stability for the self-funded risk program.

In 2016, operating revenues in the Employee Benefit Fund increased by \$62,827 (6%) due to an increase in the amount of employees enrolled in the city offered benefit. Operating expenses for the Employee Benefit fund increased \$136,597.

The **City Services Fund** is used as a resource base to purchase requested equipment (over \$5,000) for the various departments. Assets are purchased through the fund, amortized costs are then charged to each department as a "rental charge." When an item needs replaced, adequate funds have been generated through the on-going rental fees to make a replacement purchase. Revenues totaled \$1,034,934 in 2016 compared to \$1,030,584 in 2015. Increases are due to the adjustments in maintenance, fuel prices, and computer services that are paid by the city departments. The change in net position increased by \$3,998 in 2016 compared to \$58,546 in 2015.

BUDGETARY HIGHLIGHTS

- In 2016, the City made strategic gains in improving our City's infrastructure. The community made improvements in Manufacturing, Public Buildings, Rail Infrastructure and Historical Icons.
- The Street program rehabilitated various streets and storm sewers throughout the City including constructing a gate valve over the outlet to the Arkansas River and placing a new apron on the 4th street outlet on Maple Avenue.
- In 2016, we entered into an agreement to swap assets between the City of La Junta and SECOM/SECOPA. This is an equal value exchange of facilities that will benefit both entities.
- The City along with 23 other communities and DOTS in Western Kansas, Eastern Colorado, and Northern New Mexico as well as BNSF and Amtrak committed \$9.23 million in matching funds and received a TIGER grant from the U.S. Dept. of Transportation for \$15.2 million dollars. This is to save the Amtrak's Southwest Chief through our areas. We are working the replacement of rail, turnouts, crossings, and ties for this grant.
- Parks Department finished replacing sidewalks around City Park.
- Sanitation Department replaced the transfer station and fencing around their facility.
- We cleared parts of the Anderson Arroyo for flood control and to develop a trail system.
- Electric Department continued updating the electric system with SCADA. This will automate our electric system to better serve our customers.
- Water and Electric Departments started placing automatic read meters on their systems.
- Accounting is updating our accounting system to be efficient and to have better accounting of all funds.

Supplemental Budget Appropriations:

- In the General fund supplemental budget amounts were also made for:
 - Nursing Home Survey
 - Arkansas River Project
 - Police Grants
 - Mural
 - Golf Course parking lot
 - Golf Course restaurant flooring
 - Boiler replacement
 - Comprehensive Plan
 - Head Gate Project
- In the Internal Service fund supplemental budget amounts were also made for:
 - Computer upgrades
- In the Property Management fund supplemental budget amounts were also made for:
 - Lewis Bolt and Nut – Shear Building
- In the Electric fund supplemental budget amounts were also made for:
 - Automated meters
- In the Water fund supplemental budget amounts were also made for:
 - Engineering Costs
- In the Waste Water fund supplemental budget amounts were also made for:
 - Reduced budget for new treatment facility – work not started

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City had invested \$44,356,027 compared to \$43,805,875 in 2015, in a broad range of capital assets, including land, equipment, buildings, electric, water, and sewer lines. The change is due to more acquisitions, the beginning construction on the new waste-water treatment facility, fewer disposals of assets and the increase in depreciation expense.

Long-term Debt

The City has long-term debt for the water lines and treatment facility as well as sewer lagoons and sewer facility. More detailed information is presented in Note 7.

**ECONOMIC FACTORS
AFFECTING FUTURE FINANCIAL CONDITIONS**

- Factors, which have the potential to significantly impact the City's 2017 budget, include the on-going world-wide economic conditions and federal appropriations with new administration that concerns us as well as the nation. Rising costs of health insurance, increasing fuel costs, subsequent reductions in funding, rising cost of purchasing electricity, and increasingly restrictive EPA regulations on water and wastewater. Also, the additional water loss from farms to the Front Range.
- Colorado's economy is growing as the fastest State in the nation. Historically, La Junta has not experienced the booming economy that much of Colorado has experienced during the good times. Its economic trends have been relatively status quo, and the significant impacts are negative ones that have impacted us so drastically the last few years. The downward population trends can have long-term impacts, if not reversed.
- Water conservation began in 2003 and shortage of water has been a factor. The City has purchased 887.70 shares of Holbrook Canal. The City is currently working on converting these water rights for beneficial use.
- The Lamar Repowering project will have long term effect to our customers through the electric rates charged to ARPA member cities.
- Saving Amtrak's Southwest Chief from being cut along with all of the long distance trains. We will not have the ability to access the nation's passenger rail system if this is discontinued. We have formed a coalition that is working closely with Amtrak, BNSF, CDOT, KDOT, NMDOT and the affected communities to secure funding to replace the needed rail infrastructure. This is still an ongoing project.
- The construction of a new wastewater treatment plant will affect the next couple of year's financials.
- The possible passing of the La Junta Health Service District to see about the increase of sales tax by 1%. This new funding will be used to construct a new nursing home to meet today's standards.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report and requests for additional financial information can be obtained by contacting the City Manager at P.O. Box 489, 601 Colorado Avenue, La Junta, CO 81050.

BASIC FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2016

| | PRIMARY GOVERNMENT | | |
|---|----------------------------|-----------------------------|---------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| CASH OR EQUIVALENTS | \$ 11,974,590 | \$ 7,422,000 | \$ 19,396,590 |
| RESTRICTED CASH | 67,456 | - | 67,456 |
| CASH WITH TRUSTEE | - | 12,500,233 | 12,500,233 |
| RECEIVABLES - NET | | | |
| ACCOUNTS | 11,977,168 | 1,834,553 | 13,811,721 |
| TAXES | 507,152 | - | 507,152 |
| NOTES | 51,884 | - | 51,884 |
| INTEREST & OTHER | 2,288 | 21,727 | 24,015 |
| DUE FROM (TO) OTHER FUND | 22,699 | (22,699) | - |
| INTERNAL BALANCES | (973,714) | 973,714 | - |
| INVENTORIES | 67,251 | 2,190,068 | 2,257,319 |
| DEPOSITS | 2,460 | 30,085 | 32,545 |
| CAPITAL ASSETS | | | |
| LAND AND WATER RIGHTS | 1,222,765 | 3,120,856 | 4,343,621 |
| CONSTRUCTION IN PROGRESS | - | 1,466,346 | 1,466,346 |
| BUILDINGS | 7,530,413 | 34,500,607 | 42,031,020 |
| SYSTEMS | - | 33,679,603 | 33,679,603 |
| IMPROVEMENTS | 6,090,744 | - | 6,090,744 |
| EQUIPMENT | 5,377,880 | 5,171,929 | 10,549,809 |
| INFRASTRUCTURE | 32,581,909 | - | 32,581,909 |
| ACCUMULATED DEPRECIATION | (34,842,933) | (44,839,528) | (79,682,461) |
| TOTAL ASSETS | 41,660,012 | 58,049,494 | 99,709,506 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| PENSION RELATED | 160,781 | - | 160,781 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 41,820,793 | \$ 58,049,494 | \$ 99,870,287 |
| LIABILITIES | | | |
| ACCOUNTS PAYABLE | \$ 13,438,130 | \$ 883,911 | \$ 14,322,041 |
| ACCRUED EXPENSES | 15,075 | 178,234 | 193,309 |
| CUSTOMERS DEPOSITS | - | 163,739 | 163,739 |
| UNEARNED REVENUES | - | 817,740 | 817,740 |
| NON CURRENT LIABILITIES: | | | |
| DUE WITHIN ONE YEAR | 51,857 | 1,204,848 | 1,256,705 |
| DUE IN MORE THAN ONE YEAR | 2,304,553 | 18,136,036 | 20,440,589 |
| TOTAL LIABILITIES | 15,809,615 | 21,384,508 | 37,194,123 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| DEFERRED REVENUES - PROPERTY TAXES | 102,900 | - | 102,900 |
| NET POSITION | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 17,960,778 | 26,395,249 | 44,356,027 |
| RESTRICTED FOR: | | | |
| EMERGENCIES - TABOR | 227,900 | - | 227,900 |
| RESTRICTED ASSETS | 67,456 | - | 67,456 |
| NON EXPENDABLE NOTES | 51,884 | - | 51,884 |
| NON EXPENDABLE ENDOWMENTS | 349,194 | - | 349,194 |
| OPERATIONS & MAINTENANCE | - | 783,400 | 783,400 |
| UNRESTRICTED | 7,251,066 | 9,486,337 | 16,737,403 |
| TOTAL NET POSITION | 25,908,278 | 36,664,986 | 62,573,264 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITIC | \$ 41,820,793 | \$ 58,049,494 | \$ 99,870,287 |

CITY OF LA JUNTA, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| GOVERNMENTAL ACTIVITIES: | | | | |
| GENERAL GOVERNMENT | \$ 2,435,359 | \$ 663,400 | \$ 9,000 | \$ - |
| PUBLIC SAFETY | 2,175,926 | 109,418 | - | 38,253 |
| PUBLIC WORKS | 14,757,046 | 255,460 | 13,230,194 | - |
| HEALTH AND WELFARE | 303,533 | 48,230 | - | - |
| CULTURE AND RECREATION | 1,727,439 | 230,930 | 190,333 | - |
| ECONOMIC DEVELOPMENT | 160,450 | - | - | - |
| INTEREST ON LONG TERM DEBT | 9,273 | - | - | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 21,569,026 | 1,307,438 | 13,429,527 | 38,253 |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| ELECTRIC | 11,746,464 | 11,149,774 | - | - |
| WATER | 2,596,666 | 2,900,293 | - | 48,255 |
| SEWER | 1,670,526 | 2,152,828 | - | 2,800 |
| SANITATION | 862,130 | 878,355 | - | - |
| PROPERTY MANAGEMENT | 1,237,996 | 1,009,819 | - | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | 18,113,782 | 18,091,069 | - | 51,055 |
| TOTAL PRIMARY GOVERNMENT | \$ 39,682,808 | \$ 19,398,507 | \$ 13,429,527 | \$ 89,308 |

GENERAL REVENUES:

PROPERTY TAXES
 SALES TAXES
 FRANCHISE TAXES
 OTHER TAXES
 INTEREST AND RENTALS
 OTHER
 CONTRIBUTIONS
 TRANSFERS

TOTAL GENERAL REVENUES, CONTRIBUTIONS,
 AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION JANUARY 1 - AS RESTATED

NET POSITION DECEMBER 31

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

| PRIMARY GOVERNMENT | | |
|----------------------------|-----------------------------|----------------|
| GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| \$ (1,762,959) | \$ - | \$ (1,762,959) |
| (2,028,255) | - | (2,028,255) |
| (1,271,392) | - | (1,271,392) |
| (255,303) | - | (255,303) |
| (1,306,176) | - | (1,306,176) |
| (160,450) | - | (160,450) |
| (9,273) | - | (9,273) |
| (6,793,808) | - | (6,793,808) |
| - | (596,690) | (596,690) |
| - | 351,882 | 351,882 |
| - | 485,102 | 485,102 |
| - | 16,225 | 16,225 |
| - | (228,177) | (228,177) |
| - | 28,342 | 28,342 |
| (6,793,808) | 28,342 | (6,765,466) |
| 161,213 | - | 161,213 |
| 3,735,048 | - | 3,735,048 |
| 1,296,494 | - | 1,296,494 |
| 197,053 | - | 197,053 |
| 142,487 | 74,156 | 216,643 |
| 53,691 | 481,279 | 534,970 |
| 4,020 | - | 4,020 |
| 87,367 | (87,367) | - |
| 5,677,373 | 468,068 | 6,145,441 |
| (1,116,435) | 496,410 | (620,025) |
| 27,024,713 | 36,168,576 | 63,193,289 |
| \$ 25,908,278 | \$ 36,664,986 | \$ 62,573,264 |

CITY OF LA JUNTA, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2016

| | GENERAL | SOUTHWEST AMTRAK IMPROVEMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| CASH OR EQUIVALENTS | \$ 5,058,814 | \$ 1,248,998 | \$ 1,540,319 | \$ 7,848,131 |
| RESTRICTED CASH | 67,456 | - | - | 67,456 |
| RECEIVABLES | | | | |
| ACCOUNTS AND GRANTS | 206,054 | 11,656,976 | 23,275 | 11,886,305 |
| TAXES | 487,690 | - | 19,462 | 507,152 |
| NOTES | - | - | 51,884 | 51,884 |
| ACCRUED INTEREST | 1,214 | - | 154 | 1,368 |
| DEPOSITS | - | - | 2,460 | 2,460 |
| DUE FROM OTHER FUNDS | 72,746 | - | (50,047) | 22,699 |
| TOTAL ASSETS | \$ 5,893,974 | \$ 12,905,974 | \$ 1,587,507 | \$ 20,387,455 |
| LIABILITIES | | | | |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES DUE TO OTHER FUND | \$ 322,827 | \$ 12,905,974 | \$ - | \$ 13,228,801 |
| | 4,020 | - | (4,020) | - |
| TOTAL LIABILITIES | 326,847 | 12,905,974 | (4,020) | 13,228,801 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| DEFERRED REVENUES - PROPERTY TAXES | 102,900 | - | - | 102,900 |
| FUND BALANCE | | | | |
| NONSPENDABLE FOR | | | | |
| NOTES | - | - | 51,884 | 51,884 |
| RESTRICTED FOR | | | | |
| EMERGENCIES - TABOR | 227,900 | - | - | 227,900 |
| RESTRICTED ASSETS | 67,456 | - | - | 67,456 |
| ENDOWMENTS | - | - | 353,368 | 353,368 |
| ASSIGNED | 1,295,100 | - | 1,186,275 | 2,481,375 |
| UNASSIGNED | 3,873,771 | - | - | 3,873,771 |
| TOTAL FUND BALANCES | 5,464,227 | - | 1,591,527 | 7,055,754 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | \$ 5,893,974 | \$ 12,905,974 | \$ 1,587,507 | \$ 20,387,455 |

CITY OF LA JUNTA, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
ARE DIFFERENT BECAUSE:

| | | | |
|--|----|---------------------|--------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | | \$ | 7,055,754 |
| ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS | | | 85,284 |
| CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS. | | | |
| THE COST OF CAPITAL ASSETS IS | \$ | 48,220,168 | |
| ACCUMULATED DEPRECIATION IS | | <u>(31,681,806)</u> | |
| | | | 16,538,362 |
| INVENTORIES ARE EXPENSED IN THE GOVERNMENTAL FUNDS UPON ACQUISITION BUT RECOGNIZED AS AN ASSET IN THE GOVERNMENT WIDE FINANCIAL STATEMENTS | | | 39,700 |
| INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF CERTAIN INFORMATION SYSTEMS, OTHER EQUIPMENT AND MEDICAL BENEFIT COSTS TO INDIVIDUAL FUNDS. THE ASSETS AND LIABILITIES OF THE INTERNAL SERVICES FUNDS ARE INCLUDED IN GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION. | | | 4,281,992 |
| LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS. | | | |
| COMPENSATED ABSENCES | | (876,353) | |
| LOAN PAYABLE DEVELOPER | | (264,215) | |
| ACCRUED INTEREST ON THE LOAN | | (15,075) | |
| NET PENSION LIABILITIES | | (1,097,952) | |
| DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS | | <u>160,781</u> | |
| | | | <u>(2,092,814)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | \$ | <u>25,908,278</u> |

CITY OF LA JUNTA, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2016

| | GENERAL | SOUTHWEST AMTRAK IMPROVEMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|--------------|------------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| TAXES | \$ 5,172,218 | \$ - | \$ 217,523 | \$ 5,389,741 |
| LICENSES AND PERMITS | 28,551 | - | - | 28,551 |
| INTERGOVERNMENTAL | 461,564 | 12,905,976 | 100,240 | 13,467,780 |
| CHARGES FOR SERVICES | 1,307,438 | - | - | 1,307,438 |
| FINES | 26,495 | - | - | 26,495 |
| INTEREST | 12,993 | - | 3,438 | 16,431 |
| MISCELLANEOUS AND RENTALS | 110,576 | - | 11,432 | 122,008 |
| TOTAL REVENUES | 7,119,835 | 12,905,976 | 332,633 | 20,358,444 |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | 2,051,497 | - | 350,210 | 2,401,707 |
| PUBLIC SAFETY | 2,107,041 | - | - | 2,107,041 |
| PUBLIC WORKS | 1,311,354 | - | - | 1,311,354 |
| HEALTH AND WELFARE | 307,589 | - | - | 307,589 |
| CULTURE AND RECREATION | 1,802,508 | - | - | 1,802,508 |
| ECONOMIC DEVELOPMENT | - | - | 160,450 | 160,450 |
| SPECIAL PROJECT | - | 12,905,976 | - | 12,905,976 |
| TOTAL EXPENDITURES | 7,579,989 | 12,905,976 | 510,660 | 20,996,625 |
| REVENUES OVER (UNDER) EXPENDITURES | (460,154) | - | (178,027) | (638,181) |
| OTHER FINANCING SOURCES (USES) | | | | |
| CONTRIBUTIONS | - | - | 4,020 | 4,020 |
| TRANSFERS IN | 10,000 | - | 77,367 | 87,367 |
| OTHER | - | - | (608) | (608) |
| TOTAL OTHER FINANCING SOURCES (USES) | 10,000 | - | 80,779 | 90,779 |
| NET CHANGE IN FUND BALANCE | (450,154) | - | (97,248) | (547,402) |
| FUND BALANCE JANUARY 1 | 5,914,381 | - | 1,688,775 | 7,603,156 |
| FUND BALANCE DECEMBER 31 | \$ 5,464,227 | \$ - | \$ 1,591,527 | \$ 7,055,754 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO

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

YEAR ENDED DECEMBER 31, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

| | | |
|---|--------------------|------------------------------|
| NET CHANGE IN FUND BALANCE | | \$ (547,402) |
| REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS | | |
| RECEIVABLE FOR FRANCHISE TAX - NOT CURRENT | | 67 |
| 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 AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAYS DIFFER FROM DEPRECIATION IN THE CURRENT PERIOD. | | |
| CAPITAL OUTLAY | \$ 708,554 | |
| DEPRECIATION EXPENSE AND LOSS ON DISPOSITION | <u>(1,169,659)</u> | (461,105) |
| SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS | | |
| COMPENSATED ABSENCES | (12,448) | |
| ACCRUED INTEREST EXPENSE ON LOAN | (9,273) | |
| PENSION RELATED AMOUNTS | <u>(226,171)</u> | (247,892) |
| INVENTORIES ARE EXPENSED AT ACQUISITION IN THE GOVERNMENTAL FUNDS AND REPORTED AS EXPENSES WHEN USED IN THE GOVERNMENT WIDE STATEMENTS | | 4,776 |
| INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF CERTAIN INFORMATION SYSTEMS, OTHER EQUIPMENT AND MEDICAL BENEFIT COSTS TO INDIVIDUAL FUNDS. | | |
| THE NET REVENUE OF CERTAIN ACTIVITIES OF THE INTERNAL SERVICE FUNDS IS REPORTED WITH THE GOVERNMENTAL ACTIVITIES. | | <u>135,121</u> |
| CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u><u>\$ (1,116,435)</u></u> |

CITY OF LA JUNTA, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2016

| | BUSINESS-TYPE ACTIVITIES - | | |
|---|----------------------------|----------------------|----------------------|
| | ELECTRIC | WATER | SEWER |
| CURRENT ASSETS | | | |
| CASH OR EQUIVALENTS | \$ 4,567,808 | \$ 469,912 | \$ 285,589 |
| CASH WITH TRUSTEE | - | - | 12,500,233 |
| ACCOUNTS RECEIVABLE CUSTOMERS - NET | 1,264,407 | 234,470 | 238,980 |
| GRANT RECEIVABLE | - | - | 21,727 |
| BORROWINGS TO (FROM) OTHER FUND - CURRENT | 129,580 | - | - |
| INVENTORIES | 1,702,316 | 465,363 | 17,147 |
| PREPAIDS AND ACCRUALS | 4,697 | 25,265 | - |
| TOTAL CURRENT ASSETS | <u>7,668,808</u> | <u>1,195,010</u> | <u>13,063,676</u> |
| PROPERTY AND EQUIPMENT | | | |
| LAND, SYSTEMS, AND EQUIPMENT | 17,161,945 | 25,773,849 | 13,804,275 |
| ACCUMULATED DEPRECIATION | <u>(13,545,409)</u> | <u>(12,190,403)</u> | <u>(8,909,211)</u> |
| NET PROPERTY AND EQUIPMENT | <u>3,616,536</u> | <u>13,583,446</u> | <u>4,895,064</u> |
| OTHER ASSETS | | | |
| BORROWINGS TO (FROM) OTHER FUND | <u>1,245,913</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 12,531,257</u> | <u>\$ 14,778,456</u> | <u>\$ 17,958,740</u> |
| CURRENT LIABILITIES | | | |
| ACCOUNTS PAYABLE | \$ 788,688 | \$ 22,345 | \$ 13,509 |
| ACCRUED EXPENSES | - | 63,950 | 112,819 |
| DUE TO OTHER FUND | - | - | - |
| CUSTOMERS DEPOSITS AND ACCRUED INTEREST | 163,739 | - | - |
| UNEARNED REVENUE | - | 8,458 | - |
| LANDFILL COSTS | - | - | - |
| LOANS PAYABLE | - | 651,111 | 531,937 |
| TOTAL CURRENT LIABILITIES | <u>952,427</u> | <u>745,864</u> | <u>658,265</u> |
| NONCURRENT LIABILITIES | | | |
| ACCRUED SICK LEAVE AND VACATION PAY | 343,682 | 174,041 | 167,160 |
| UNEARNED REVENUE | - | - | - |
| LANDFILL COSTS | - | - | - |
| LOANS PAYABLE | <u>-</u> | <u>4,267,793</u> | <u>12,378,463</u> |
| TOTAL NONCURRENT LIABILITIES | <u>343,682</u> | <u>4,441,834</u> | <u>12,545,623</u> |
| TOTAL LIABILITIES | <u>1,296,109</u> | <u>5,187,698</u> | <u>13,203,888</u> |
| NET POSITION | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 3,616,536 | 8,664,542 | 4,484,897 |
| RESTRICTED FOR: | | | |
| OPERATIONS & MAINTENANCE | - | 491,800 | 291,600 |
| UNRESTRICTED | <u>7,618,612</u> | <u>434,416</u> | <u>(21,645)</u> |
| TOTAL NET POSITION | <u>11,235,148</u> | <u>9,590,758</u> | <u>4,754,852</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 12,531,257</u> | <u>\$ 14,778,456</u> | <u>\$ 17,958,740</u> |

SEE NOTES TO FINANCIAL STATEMENTS

| ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITY |
|---------------------|------------------------|----------------------|---------------------------|
| SANITATION | PROPERTY MANAGEMENT | TOTAL | INTERNAL SERVICE FUNDS |
| \$ 1,496,170 | \$ 602,521 | \$ 7,422,000 | \$ 4,126,459 |
| - | - | 12,500,233 | - |
| 91,377 | 5,319 | 1,834,553 | 5,579 |
| - | - | 21,727 | - |
| - | (129,580) | - | - |
| 5,242 | - | 2,190,068 | 27,551 |
| 123 | - | 30,085 | 920 |
| <u>1,592,912</u> | <u>478,260</u> | <u>23,998,666</u> | <u>4,160,509</u> |
| 1,168,745 | 20,030,527 | 77,939,341 | 4,583,543 |
| (804,582) | (9,389,923) | (44,839,528) | (3,161,127) |
| <u>364,163</u> | <u>10,640,604</u> | <u>33,099,813</u> | <u>1,422,416</u> |
| - | (1,245,913) | - | - |
| <u>\$ 1,957,075</u> | <u>\$ 9,872,951</u> | <u>\$ 57,098,479</u> | <u>\$ 5,582,925</u> |
| \$ 48,891 | \$ 10,478 | \$ 883,911 | \$ 209,329 |
| - | 1,465 | 178,234 | - |
| - | 22,699 | 22,699 | - |
| - | - | 163,739 | - |
| - | 43,021 | 51,479 | - |
| 21,800 | - | 21,800 | - |
| - | - | 1,183,048 | - |
| <u>70,691</u> | <u>77,663</u> | <u>2,504,910</u> | <u>209,329</u> |
| 35,289 | 64,408 | 784,580 | 117,890 |
| - | 766,261 | 766,261 | - |
| 705,200 | - | 705,200 | - |
| - | - | 16,646,256 | - |
| <u>740,489</u> | <u>830,669</u> | <u>18,902,297</u> | <u>117,890</u> |
| <u>811,180</u> | <u>908,332</u> | <u>21,407,207</u> | <u>327,219</u> |
| 364,163 | 9,265,111 | 26,395,249 | 1,422,416 |
| - | - | 783,400 | - |
| 781,732 | (300,492) | 8,512,623 | 3,833,290 |
| <u>1,145,895</u> | <u>8,964,619</u> | <u>35,691,272</u> | <u>5,255,706</u> |
| <u>\$ 1,957,075</u> | <u>\$ 9,872,951</u> | <u>\$ 57,098,479</u> | <u>\$ 5,582,925</u> |

CITY OF LA JUNTA, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2016

| | BUSINESS-TYPE ACTIVITIES - | | |
|--|----------------------------|---------------------|---------------------|
| | ELECTRIC | WATER | SEWER |
| OPERATING REVENUES | | | |
| CHARGES FOR SERVICES | \$ 11,115,077 | \$ 2,763,963 | \$ 2,152,828 |
| OTHER | 34,697 | 136,330 | - |
| TOTAL OPERATING REVENUES | <u>11,149,774</u> | <u>2,900,293</u> | <u>2,152,828</u> |
| OPERATING EXPENSES | | | |
| PERSONAL SERVICES, MATERIALS AND SUPPLIES | 11,346,814 | 1,966,836 | 1,166,034 |
| DEPRECIATION | 439,443 | 509,056 | 276,837 |
| TOTAL OPERATING EXPENSES | <u>11,786,257</u> | <u>2,475,892</u> | <u>1,442,871</u> |
| OPERATING INCOME (LOSS) | <u>(636,483)</u> | <u>424,401</u> | <u>709,957</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| INTEREST INCOME | 71,808 | 500 | 50 |
| OTHER | 142,792 | 34,118 | 255,303 |
| GAIN (LOSS) ON ASSETS | (8,606) | 27,152 | - |
| INTEREST EXPENSE | - | (139,300) | (245,252) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>205,994</u> | <u>(77,530)</u> | <u>10,101</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | (430,489) | 346,871 | 720,058 |
| CAPITAL CONTRIBUTIONS | - | 48,255 | 2,800 |
| TRANSFERS (OUT) | - | - | - |
| CHANGE IN NET POSITION | (430,489) | 395,126 | 722,858 |
| NET POSITION JANUARY 1 | <u>11,665,637</u> | <u>9,195,632</u> | <u>4,031,994</u> |
| NET POSITION DECEMBER 31 | <u>\$ 11,235,148</u> | <u>\$ 9,590,758</u> | <u>\$ 4,754,852</u> |

SEE NOTES TO FINANCIAL STATEMENTS

| ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITY INTERNAL SERVICE FUNDS |
|------------------|------------------------|---------------|---|
| SANITATION | PROPERTY MANAGEMENT | TOTAL | |
| \$ 838,898 | \$ 1,009,819 | \$ 17,880,585 | \$ 2,225,321 |
| 39,457 | - | 210,484 | - |
| 878,355 | 1,009,819 | 18,091,069 | 2,225,321 |
| 795,695 | 571,446 | 15,846,825 | 1,810,342 |
| 79,390 | 667,677 | 1,972,403 | 203,211 |
| 875,085 | 1,239,123 | 17,819,228 | 2,013,553 |
| 3,270 | (229,304) | 271,841 | 211,768 |
| 747 | 1,051 | 74,156 | 4,049 |
| - | 27,741 | 459,954 | 9,302 |
| 2,500 | 279 | 21,325 | - |
| - | - | (384,552) | - |
| 3,247 | 29,071 | 170,883 | 13,351 |
| 6,517 | (200,233) | 442,724 | 225,119 |
| - | - | 51,055 | - |
| - | (87,367) | (87,367) | - |
| 6,517 | (287,600) | 406,412 | 225,119 |
| 1,139,378 | 9,252,219 | 35,284,860 | 5,030,587 |
| \$ 1,145,895 | \$ 8,964,619 | \$ 35,691,272 | \$ 5,255,706 |

CITY OF LA JUNTA, COLORADO

RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

DECEMBER 31, 2016

AMOUNTS REPORTED FOR BUSINESS-TYPE ACTIVITIES IN THE STATEMENT OF NET POSITION
ARE DIFFERENT BECAUSE:

| | |
|--|-----------------------------|
| TOTAL NET POSITION - PROPRIETARY FUNDS | \$ 35,691,272 |
| ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS | <u>973,714</u> |
| NET POSITION OF BUSINESS-TYPE ACTIVITIES | <u><u>\$ 36,664,986</u></u> |

RECONCILIATION OF THE STATEMENT OF REVENUES , EXPENSES AND CHANGE
IN NET POSITION OF PROPRIETARY FUNDS TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

AMOUNTS REPORTED FOR BUSINESS-TYPE ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

| | |
|--|--------------------------|
| CHANGE IN NET POSITION | \$ 406,412 |
| ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS | <u>89,998</u> |
| CHANGES IN NET POSITION OF BUSINESS-TYPE ACTIVITIES | <u><u>\$ 496,410</u></u> |

CITY OF LA JUNTA, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2016

| | <u>BUSINESS-TYPE</u> | |
|---|----------------------|-------------------|
| | <u>ELECTRIC</u> | <u>WATER</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 11,165,297 | \$ 2,753,437 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (11,345,310) | (2,060,792) |
| OTHER OPERATING REVENUES | 34,697 | 136,330 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(145,316)</u> | <u>828,975</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| RENTS RECEIVED AND OTHER | 147,391 | 29,418 |
| TRANSFER OUT | - | - |
| CUSTOMER DEPOSITS | 18,589 | - |
| NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>165,980</u> | <u>29,418</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (323,708) | (77,178) |
| CASH PROCEEDS FROM INSURANCE AND SALE OF ASSETS | 468 | 27,152 |
| CAPITAL CONTRIBUTED | - | 48,255 |
| LOAN PROCEEDS | 124,507 | - |
| PRINCIPAL PAID ON LOANS PAYABLE | - | (634,812) |
| INTEREST PAID ON LOANS PAYABLE AND OTHER | - | (144,182) |
| NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(198,733)</u> | <u>(780,765)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS AND LOANS | 69,536 | 499 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (108,533) | 78,127 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | 4,676,341 | 391,785 |
| CASH AND CASH EQUIVALENTS END OF YEAR | <u>\$ 4,567,808</u> | <u>\$ 469,912</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME (LOSS) | \$ (636,483) | \$ 424,401 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 439,443 | 509,056 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE & PREPAIDS | 50,220 | (35,600) |
| (INCREASE) DECREASE IN INVENTORIES | (81,321) | (51,721) |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | 65,999 | (40,253) |
| INCREASE (DECREASE) IN ACCRUED EXPENSES | 16,826 | 23,092 |
| INCREASE (DECREASE) IN DEFERRED REVENUE | - | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (145,316)</u> | <u>\$ 828,975</u> |
| SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES | | |
| CONSTRUCTION COSTS IN ACCOUNTS PAYABLE | <u>\$ -</u> | <u>\$ -</u> |

SEE NOTES TO FINANCIAL STATEMENTS

| ACTIVITIES - ENTERPRISE FUNDS | | | | GOVERNMENTAL ACTIVITY INTERNAL SERVICE FUND |
|-------------------------------|--------------|------------------------|---------------|--|
| SEWER | SANITATION | PROPERTY MANAGEMENT | TOTAL | |
| \$ 2,118,486 | \$ 844,773 | \$ 1,161,388 | \$ 18,043,381 | \$ 2,222,852 |
| (1,185,043) | (844,783) | (552,229) | (15,988,157) | (1,772,536) |
| - | 39,457 | - | 210,484 | - |
| 933,443 | 39,447 | 609,159 | 2,265,708 | 450,316 |
| 233,576 | - | 1,156 | 411,541 | - |
| - | - | (87,367) | (87,367) | - |
| - | - | - | 18,589 | - |
| 233,576 | - | (86,211) | 342,763 | - |
| (1,380,634) | (86,480) | (871,552) | (2,739,552) | (165,458) |
| - | 2,500 | 26,864 | 56,984 | 9,302 |
| 2,800 | - | - | 51,055 | - |
| - | - | (124,507) | - | - |
| (524,849) | - | - | (1,159,661) | - |
| (248,423) | - | - | (392,605) | - |
| (2,151,106) | (83,980) | (969,195) | (4,183,779) | (156,156) |
| 50 | 747 | 1,202 | 72,034 | 4,046 |
| (984,037) | (43,786) | (445,045) | (1,503,274) | 298,206 |
| 13,769,859 | 1,539,956 | 1,047,566 | 21,425,507 | 3,828,253 |
| \$ 12,785,822 | \$ 1,496,170 | \$ 602,521 | \$ 19,922,233 | \$ 4,126,459 |
| \$ 709,957 | \$ 3,270 | \$ (229,304) | \$ 271,841 | \$ 211,768 |
| 276,837 | 79,390 | 667,677 | 1,972,403 | 203,211 |
| (34,342) | 5,875 | 2,587 | (11,260) | (2,469) |
| (367) | (522) | - | (133,931) | 1,572 |
| 4,827 | 30,799 | 21,243 | 82,615 | 32,299 |
| (23,469) | (79,365) | (2,026) | (64,942) | 3,935 |
| - | - | 148,982 | 148,982 | - |
| \$ 933,443 | \$ 39,447 | \$ 609,159 | \$ 2,265,708 | \$ 450,316 |
| \$ - | \$ 8,774 | \$ 5,615 | \$ 14,389 | \$ 46,850 |

NOTES TO FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of La Junta (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities.

THE FINANCIAL REPORTING ENTITY

The City of La Junta is a Home Rule City governed by an elected seven member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of La Junta (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended component units included within the reporting entity:

La Junta Urban Renewal Authority ("URA")

The La Junta Urban Renewal Authority Board is appointed by Council. Although it is legally separate from the City, the URA is reported as if it were part of the primary government because its main purpose is to apply for and administer State and Federal grants, which are in the name of the City.

La Junta Capital Inc.

La Junta Capital, Inc. is a nonprofit organization with a Council appointed board created to provide loan funds for businesses in exchange for a commitment to hire low and moderate income employees and for the creation of new primary jobs. It is reported as if it were part of the primary government because its main purpose is for the benefit of the City and all assets revert back to the City upon termination of the agreement between the City and La Junta Capital, Inc.

Joint Venture:

Otero County Landfill Inc. ("OCLI")

The City of La Junta is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill Inc. As a participant, the City is responsible for a portion of closure and post closure costs of the landfill. As of December 31, 2016 the City's share of the cost is estimated at \$727,000 or approximately 27% of the total. A complete financial report may be obtained from the administrative offices of Otero County.

Related organizations:

La Junta Housing Authority

The La Junta Housing Authority is governed by a five-member board appointed by the La Junta City Council. The Authority provides housing to certain qualified residents and is principally funded through Federal grants and rental charges. Because these appointments are administrative in nature and control over the organization is at the Federal Government level, the Authority is treated as a related organization of the City rather than a component unit.

Jointly Governed Organizations:

Arkansas River Power Authority ("ARPA")

ARPA was created by an intergovernmental agreement between the cities of La Junta, Lamar, Las Animas, Trinidad, Springfield and Holly to supply their wholesale electric power and energy requirements. Each of the participating municipalities has a residual interest in ARPA's assets upon dissolution that is proportional to total revenue received from each since ARPA was organized.

Based on electric revenues billed from inception to December 31, 2016, the City of La Junta has a residual equity interest in ARPA of approximately 31%. The governing Board of ARPA consists of two members from each municipality. Because it is felt that the City cannot significantly influence the operations of ARPA it is considered a jointly governed organization and not part of the City's reporting entity.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

Southwest Amtrak Improvement Fund - The Southwest Amtrak Improvement Fund is a special revenue fund used to account for the Southwest Chief Route Advancement and Improvement Project.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Electric Utility Fund - Accounts for the activities of the City's electric distribution operations.

Water Utility Fund - Accounts for the activities of water treatment and distribution to the residents and businesses of the City.

Sewer Utility Fund - Accounts for the activities of the wastewater collection and treatment system of the City.

Sanitation Utility Fund - Accounts for the activities of the City's trash collection operations.

Property Management Fund - Accounts for rental activities related to City property, most of which is located within the Industrial Park.

Additionally, the government reports the following fund types:

Internal Service Funds - Accounts for data processing and fleet management services as well as medical benefits provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

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

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments held in banks.

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

The City may invest in, bonds or other interest bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado, or any county, city or school district in the State. The City may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the moneys involved and there is assignment of such security pursuant to current depository regulations.

Investments for the government, as well as for its component units, are reported at fair value based on last quoted market prices.

Restricted Cash

Governmental Funds – The cash represents tax revenue received from the State of Colorado that is restricted for airport improvements.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables/Payables

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles if required.

The City recognizes as receivable amounts due from utility customers as of year end but not billed due to cycle billings. Recognition is based upon a direct ratio of days in the current period to the total days in each individual billing cycle.

Property Tax Receivable

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2016 since the amounts are measurable but not available until 2017. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

Inventories

Inventories are valued at average cost. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Water Inventory

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis, from 2003. The City defines capital assets as assets with an estimated useful life in excess of two years and an initial, individual cost of more than \$5,000. Such assets are recorded at estimated historical cost or historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has included its infrastructure in capital assets.

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

Building, improvements, utility systems, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| | |
|------------------------------|-------|
| Assets | |
| Building and improvements | 10-40 |
| Utility systems | 20-50 |
| Public domain infrastructure | 40-50 |
| Equipment | 3-10 |

Capitalized Interest

Interest expense incurred during construction of capital projects of the enterprise funds is capitalized as a cost of the project. Interest in the amount of \$26,301 was capitalized in the current year.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a 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 for reporting in this category which is for pension related amounts.

Pension related amounts include the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and contributions made subsequent to the measurement date. More information on pension related items is included in Note 10.

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 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 City has one type of item that qualifies for reporting in this category.

The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue 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.

Unearned Revenues

In proprietary funds, unearned revenues represent lease payments received, but not yet earned as the related services have not yet been provided.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and eligible sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types, long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net pension liabilities, associated with the Old Hire Fire and Police Pension Funds administered by FPPA, represent the City's total pension liabilities less the fiduciary net position. Amounts have been determined using the economic resources measurement focus and the accrual basis of accounting.

Fund Balance/Net Position

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary Information (Continued)

Prior to September 12, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments. Prior to November 1, the budget is legally enacted through passage of an ordinance.

Revisions that alter the total expenditures of any fund generally must be approved by City Council. Budgeted amounts in the accompanying financial statements include revisions to the original appropriation ordinance.

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year. Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2016, the Property Management Fund, Employee Benefit Claim Fund and Conservation Trust Fund were in violation.

A legal operating budget is not required for certain special revenue funds. Spending in funds which are not subject to legal annual operating budget requirements are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body. The special revenue fund controlled by spending limits established by the governing body includes the Southwest Amtrak Improvement Fund.

NOTE -2 DEPOSITS AND INVESTMENTS

DEPOSITS:

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2016, \$18,816,075 of the City's bank balance of \$19,831,221 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

INVESTMENTS:

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Credit Risk - State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES / UNEARNED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Proprietary funds report unearned revenue in connection with payments received, but not yet earned as the related service has not yet been provided.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the funds were as follows:

| | <u>UNAVAILABLE</u> | <u>UNEARNED</u> |
|----------------------------|--------------------|-------------------|
| <u>Governmental Funds:</u> | | |
| General Fund | \$ 102,900 | \$ - |
| <u>Proprietary Funds:</u> | | |
| Water Utility Fund | \$ - | \$ 8,458 |
| Property Management Fund | - | 809,282 |
| | <u>\$ -</u> | <u>\$ 817,740</u> |

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary Government

| | <u>BEGINNING BALANCE</u> | <u>TRANSFERS/ INCREASES</u> | <u>TRANSFERS/ DECREASES</u> | <u>ENDING BALANCE</u> |
|---------------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,222,765 | \$ - | \$ - | \$ 1,222,765 |
| Capital assets being depreciated | | | | |
| Buildings | 7,539,614 | 29,635 | (38,836) | 7,530,413 |
| Improvements | 5,580,189 | 553,853 | (43,298) | 6,090,744 |
| Infrastructure | 32,479,975 | 101,934 | - | 32,581,909 |
| Equipment | <u>5,420,360</u> | <u>222,789</u> | <u>(265,269)</u> | <u>5,377,880</u> |
| | <u>51,020,138</u> | <u>908,211</u> | <u>(347,403)</u> | <u>51,580,946</u> |
| Less accumulated depreciation for | | | | |
| Buildings | (4,080,490) | (218,034) | 23,252 | (4,275,272) |
| Improvements | (3,025,797) | (209,870) | (53,068) | (3,288,735) |
| Infrastructure | (22,745,114) | (652,510) | - | (23,397,624) |
| Equipment | <u>(3,932,230)</u> | <u>(291,711)</u> | <u>342,639</u> | <u>(3,881,302)</u> |
| | <u>(33,783,631)</u> | <u>(1,372,125)</u> | <u>312,823</u> | <u>(34,842,933)</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS - NET | <u>\$ 18,459,272</u> | <u>\$ (463,914)</u> | <u>\$ (34,580)</u> | <u>\$ 17,960,778</u> |
| <u>Business-Type Activities:</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,008,222 | \$ - | \$ - | \$ 1,008,222 |
| Water rights | 2,087,173 | 25,461 | - | 2,112,634 |
| Construction in progress | <u>638,433</u> | <u>827,913</u> | <u>-</u> | <u>1,466,346</u> |
| | <u>3,733,828</u> | <u>853,374</u> | <u>-</u> | <u>4,587,202</u> |
| Capital assets being depreciated | | | | |
| Buildings | 33,632,486 | 877,167 | (9,046) | 34,500,607 |
| Systems | 33,333,733 | 369,351 | (23,481) | 33,679,603 |
| Equipment | <u>5,053,350</u> | <u>333,604</u> | <u>(215,025)</u> | <u>5,171,929</u> |
| | <u>72,019,569</u> | <u>1,580,122</u> | <u>(247,552)</u> | <u>73,352,139</u> |
| Less accumulated depreciation for | | | | |
| Buildings | (13,873,713) | (1,088,183) | 7,017 | (14,954,879) |
| Systems | (25,380,309) | (578,125) | 16,436 | (25,941,998) |
| Equipment | <u>(3,734,475)</u> | <u>(306,095)</u> | <u>97,919</u> | <u>(3,942,651)</u> |
| | <u>(42,988,497)</u> | <u>(1,972,403)</u> | <u>121,372</u> | <u>(44,839,528)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| CAPITAL ASSETS - NET | <u>\$ 32,764,900</u> | <u>\$ 461,093</u> | <u>\$ (126,180)</u> | <u>\$ 33,099,813</u> |

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

| | |
|---------------------------|------------|
| General government | \$ 122,803 |
| Public safety | 101,219 |
| Public works | 662,975 |
| Public health and welfare | 4,210 |
| Culture and recreation | 277,707 |

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets 203,211

Total depreciation expense – governmental activities \$ 1,372,125

Business-Type Activities:

| | |
|---------------------|----------------|
| Electric | \$ 439,443 |
| Water | 509,056 |
| Sewer | 276,837 |
| Sanitation | 79,390 |
| Property Management | <u>667,677</u> |

Total depreciation expense – business-type activities \$ 1,972,403

NOTE -5 NOTES AND LOANS RECEIVABLE

NOTES/LOAN
RECEIVABLE

Governmental Activities

As part of a grant, La Junta Urban Renewal has taken non-interest bearing, unsecured note receivables from downtown businesses, for store front improvements, due in monthly installments over 36 months.

\$ 51,884

NOTE -6 INTERFUND RECEIVABLES AND PAYABLES, TRANSFERS, AND BORROWINGS

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between the City's funds for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within one year. The composition of due to / from other funds as of December 31, 2016 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| General | Lodging Tax | \$ 35,000 |
| General | Conservation Trust | 15,047 |
| General | Property Management | <u>22,699</u> |
| | | <u>\$ 72,746</u> |
| Cemetery Endowment | General | <u>\$ (4,020)</u> |

Interfund Transfers:

Transfers are for the use of unrestricted revenues collected in the property management fund to finance various programs accounted for in other funds in accordance with council authorizations.

The composition of interfund transfers as of December 31, 2016 is as follows:

| | <u>Transfers In (Out):</u> | | | <u>Total</u> |
|---------------------------|----------------------------------|------------------|--------------------------|------------------|
| | <u>Nonmajor Governmental</u> | <u>General</u> | <u>City Services</u> | |
| <u>Transfer Out (In):</u> | | | | |
| Property Management | <u>\$ 77,367</u> | <u>\$ 10,000</u> | <u>\$ -</u> | <u>\$ 87,367</u> |

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -6 INTERFUND RECEIVABLES AND PAYABLES, TRANSFERS, AND BORROWINGS (Continued)

Interfund Borrowings:

Related borrowings are classified as “borrowings to other funds” and “borrowings from other funds” on the balance sheet and statement of net position. The borrowing is payable/receivable in monthly installments of \$15,187 including interest at 4.00% per annum beginning January 1, 2016 and maturing December 1, 2025. The composition of borrowings to / from other funds as of December 31, 2016 is as follows:

| <u>Borrowings to</u> | <u>Borrowings from</u> | <u>Current</u> | <u>Long-Term</u> | <u>Total</u> |
|----------------------|------------------------|-------------------|---------------------|---------------------|
| Property Management | Electric Utility | <u>\$ 129,580</u> | <u>\$ 1,245,913</u> | <u>\$ 1,375,493</u> |

NOTE -7 LONG –TERM DEBT

LOANS PAYABLE

The Water Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$9,812,211 with an interest rate of 4.0%. The loan proceeds were used to finance construction of a water treatment facility. The loan is payable in varying semi-annual installments of principal and interest beginning August 1, 2002 and maturing August 1, 2022. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. As of December 31, 2016, \$3,683,654 is outstanding and \$559,611 is due within one year.

The Water Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$1,830,000, with a 0% interest rate. The loan proceeds were used to finance construction of water tanks. The loan is payable in semi-annual installments of \$47,500, beginning November 1, 2010 and maturing May 1, 2030. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. As of December 31, 2016, \$1,235,250 is outstanding and \$91,500 is due within one year.

The Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$358,400. The loan proceeds were used to finance lagoon improvements. The loan is payable in semi-annual installments of \$13,719 including interest at 4.5% per annum beginning November 1, 2000 and maturing May 1, 2020. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues. As of December 31, 2016, \$87,943 is outstanding and \$23,745 is due within one year.

The Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$13,348,899. The loan proceeds are being used to finance construction of a waste water treatment facility. The loan is payable in varying semi-annual installments including interest at 2.17% per annum beginning August 1, 2015 and maturing August 1, 2037. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues. As of December 31, 2016, \$12,822,457 is outstanding and \$508,187 is due within one year.

In connection with the above loans payable, the City is subject to various covenants with the Colorado Water Resources and Power Development Authority. The City is also required to maintain an operating and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses, excluding depreciation. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities. As of December 31, 2016 the City was in compliance with all said covenants.

The City issued a redevelopment and reimbursement agreement to a developer for building a hotel within the City. The agreement states that the City will reimburse the developer for eligible costs incurred by the developer in the amount of \$400,000. The loan is payable in yearly installments of \$34,730, including interest at 3.5% per annum, maturing May 16, 2024. As of December 31, 2016, \$264,215 is outstanding and \$51,857 is due within one year. For the year ended December 31, 2016, interest incurred and expensed was \$9,273 with \$9,273 of the total reported as accrued interest payable.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 LONG –TERM DEBT (Continued)

Annual debt service requirements to maturity are as follows:

| YEAR ENDING | BUSINESS-TYPE ACTIVITIES | | GOVERNMENTAL ACTIVITIES | |
|----------------|--------------------------|---------------------|-------------------------|------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2017 | \$ 1,183,043 | \$ 399,567 | \$ 51,857 | \$ 17,603 |
| 2018 | 1,209,682 | 375,368 | 27,297 | 7,433 |
| 2019 | 1,239,493 | 343,441 | 28,253 | 6,477 |
| 2020 | 1,249,511 | 319,268 | 29,242 | 5,488 |
| 2021 | 1,282,625 | 267,554 | 30,265 | 4,465 |
| 2022 - 2026 | 4,053,256 | 966,572 | 97,301 | 6,889 |
| 2027 - 2031 | 3,421,317 | 787,006 | - | - |
| 2032 - 2036 | 3,433,976 | 458,916 | - | - |
| 2037 | 756,401 | 19,829 | - | - |
| TOTAL | <u>\$ 17,829,304</u> | <u>\$ 3,937,521</u> | <u>\$ 264,215</u> | <u>\$ 48,355</u> |

The following is a summary of activity for long-term liabilities for the year ended December 31, 2016:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE | DUE WITHIN ONE YEAR |
|---|----------------------|-------------------|----------------------|---------------------|------------------------|
| <u>Governmental activities:</u> | | | | | |
| Reimbursement amt | \$ 264,215 | \$ - | \$ - | \$ 264,215 | \$ 51,857 |
| Compensated absences | 977,860 | 16,383 | - | 994,243 | - |
| Net Pension Liabilities | 805,295 | 292,657 | - | 1,097,952 | - |
| Governmental activity Long-term liabilities | <u>\$ 2,047,370</u> | <u>\$ 309,040</u> | <u>\$ -</u> | <u>\$ 2,356,410</u> | <u>\$ 51,857</u> |
| <u>Business-type activities:</u> | | | | | |
| Loans payable | \$18,988,965 | \$ - | \$(1,159,661) | \$17,829,304 | \$ 1,183,048 |
| Estimated closure and post-closure costs | 800,442 | - | (73,442) | 727,000 | 21,800 |
| Compensated absences | 771,127 | 13,453 | - | 784,580 | - |
| Business-type activity Long-term liabilities | <u>\$20,560,534</u> | <u>\$ 13,453</u> | <u>\$(1,233,103)</u> | <u>\$19,340,884</u> | <u>\$ 1,204,848</u> |

For the governmental activities, compensated absences are liquidated by the General Fund.

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS

In 1995 the City entered into an intergovernmental agreement with Otero County and other municipalities within the County to form the Otero County Landfill, Inc. ("OCLI") to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to the new organization. The City and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities.

Based on the current allocation the City's share is approximately 27% of the estimated \$2,679,000 in closure and postclosure costs amounting to \$727,000. These amounts are based on estimates of what it would cost to perform all closure and post closure care in 2016. Actual costs may be higher due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

The City and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 LONG –TERM DEBT (Continued)

| | MANZANOLA | OTERO #1 | OTERO #2 | | |
|------------------------|-----------|----------|-----------|-----------|-----------|
| | | | MODULE #1 | MODULE #2 | MODULE #3 |
| Percent of capacity | 96% | 100% | 88% | 86% | 2% |
| Estimated closure date | 2018 | Closed | 2018 | 2018 | 2028 |

CONDUIT DEBT

The City authorized the issuance of the “City of La Junta, Colorado, Industrial Development Revenue Bonds (Colorado Mennonite Retirement Center Project) Series 1997” in the amount of \$1,550,000. In 2007 the City authorized the issuance of the “City of La Junta, Colorado, Industrial Development Revenue Bonds (Colorado Mennonite Retirement Center Project) Series 2007” in the amount of \$1,225,000 to finance a project for Colorado Mennonite Retirement Center and refund bonds issued in 1997. The amount outstanding as of December 31, 2016 was \$1,055,000. The above debt does not constitute indebtedness of the City and does not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

The City authorized the issuance of a bond in the principal amount of \$2,900,000 designated as the “City of La Junta, Colorado Revenue Bond (Inspiration Field Project) Series 2011”. The aggregate amount of installments of principal amount of the “City of La Junta, Colorado Revenue Bond (Inspiration Field Project) Series 2011” purchased shall not exceed \$2,900,000. The amount outstanding as of December 31, 2016 was \$2,183,951. The above debt does not constitute indebtedness of the City and does not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

CASH WITH TRUSTEE

As of December 31, 2016 the City had cash held with trustees of \$12,500,233 in the Sewer Utility Fund for the use according to debt agreements entered into by the City. The trust cash balance is recorded in the balance due to the Colorado Water Resources and Power Development Authority (notes payable); therefore the net position is not restricted for the balance.

NOTE -8 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE -9 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool formed to provide property and liability and worker’s compensation coverage and related services for its member municipalities. The City pays an annual premium to CIRSA for property and liability insurance coverage and risk management services.

All Colorado municipalities, which are members of the Colorado Municipal League, are eligible to participate in CIRSA. As of the most recent annual report filed, December 31, 2015, there were 267 members in the Property/Casualty/Liability Pool. CIRSA’s general objectives are to provide member municipalities and special districts defined property and liability and workers’ compensation coverage through joint self-insurance and excess insurance.

Death and disability insurance for police officers hired prior to January 1997 is provided by the Fire and Police Pension Association (FPPA) on behalf of the City of La Junta. The state made one payment to the FPPA in 1997 to fully fund this insurance for officers hired before 1997.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -9 RISK MANAGEMENT (Continued)

Death and disability insurance for police officers hired after December 1996 is purchased from the FPPA. In 1996 the Colorado state legislature elected to cease providing state funding for disability insurance for police officers beginning with officers hired after December 31, 1996. The amount of settlements did not exceed insurance coverage during the past three fiscal years.

The City also handles health and life insurance claims for its employees. Premiums are charged to the employees as well as the City to cover medical claims with reinsurance provided by commercial carriers for claims in excess of \$35,000 annually. Incurred but not reported claims of \$151,000 have been accrued as a liability based primarily upon the claims administrator's historical estimate.

The following represents the changes in approximate aggregate liabilities for claims incurred but not reported for the City for the year ended December 31, 2016.

| | | |
|-------------------------------------|----|------------------|
| Liability Balance January 1, 2015 | \$ | 122,000 |
| Claims and Changes in Estimates | | 599,941 |
| Claims Payments | | <u>(570,941)</u> |
| Liability Balance December 31, 2016 | \$ | <u>151,000</u> |

NOTE -10 PENSION PLANS

City employees may be covered under one or two of five different pension plans, depending on occupation and date of hire. The different plans are the Old Hire Fire Defined Benefit Plan, Old Hire Police Defined Benefit Plan, Fire and Police Defined Contribution Plans and the City Retirement Defined Contribution Plan. A description of each plan and selected financial information follows:

OLD HIRE FIRE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

Pensions – The City of La Junta participates in the Old Hire Fire Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the Old Hire Fire Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments - Investments are reported at fair value.

Plan Information

Plan Description - The City, on behalf of certain full-time paid Firefighters, contributes to the Old Hire Fire Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled for investment purposes in the Fire Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA.

Plan Membership – Plan membership consists of active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City’s current plan.

The following is a summary of the participants:

| | | |
|--------------------------|--|----------------------|
| | | <u>Old Hire Fire</u> |
| Active Members | | 0 |
| Retired Members | | 2 |
| Disabled Retired Members | | 0 |
| Beneficiaries | | 2 |

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of La Junta Old Hire Fire Pension Fund and is as follows:

The Old Hire Fire Pension Fund provides retirement benefits to Firefighters who have attained both 50 years of age and completed 20 years of service. Any Firefighter who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to one-half of his monthly salary received at his retirement date, plus an additional 4% of his monthly salary for each complete year served past the age of 50 to age 55 for a maximum monthly pension of 70% of the Firefighter's monthly salary at retirement. As of January 1, 2000, any Firefighter who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension increased by an additional 10% of his monthly salary.

Upon death, the surviving spouse receives a monthly pension equal to one-half of the monthly pension the Firefighter was entitled to receive prior to death. In addition the plan calls for a 3% cost of living adjustment effective each January 1.

Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of La Junta Old Hire Fire Pension Fund. That report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Contributions – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City of La Junta are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Old Hire Fire Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2014 actuarial valuation. Total contribution for the year ended December 31, 2016 was \$48,084. The contribution of the City of La Junta Fire Department was equal to the required contribution for the year.

Net Pension Liability

The net pension liability was measured at December 31, 2015, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2016, and the City's fiscal year ending date, or reporting date, is December 31, 2016.

Actuarial Assumptions – The total pension liability in the actuarial valuation as of December 31, 2015 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount Rate – 7.50%
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 19 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 Rates – Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
Disabled (pre-1980): RP-2000 Disabled Mortality Table
All tables projected with Scale AA

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Assumption Changes - The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

Inflation – 2.50%

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

Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

Long-Term Expected Rate of Return on Pension Plan Investments - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2015, are summarized in the table below:

Target Allocations

| Asset Class | Target Allocation | Long Term Expected Rate of Return |
|-----------------------|-------------------|--------------------------------------|
| Global Equity | 37.00% | 6.50% |
| Equity Long/Short | 10.00% | 4.70% |
| Illiquid Alternatives | 20.00% | 8.00% |
| Fixed Income | 16.00% | 1.50% |
| Absolute Return | 11.00% | 4.10% |
| Managed Futures | 4.00% | 3.00% |
| Cash | 2.00% | 0.00%** |
| Total | 100.00% | |

** While expected inflation exceeds the expected rate of return for cash, a 0.00% real rate of return is utilized.

Single Discount Rate - The 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 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closet to but no later than the measurement date of the "State & local bonds" rate from Federal Reserve statically release); and the resulting Single Discount Rate is 7.50%.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|-------------------------------|-----------------------------------|-----------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) – (b) |
| Balances at December 31, 2015 | \$ 1,326,644 | \$ 833,621 | \$ 493,023 |
| Change for the year: | | | |
| Interest | 95,494 | - | 95,494 |
| Difference between Expected & Actual Experience | 32,911 | - | 32,911 |
| Changes of Assumptions | 75,370 | - | 75,370 |
| Contributions – Employer | - | 48,084 | (48,084) |
| Contributions – Member | - | - | - |
| Net Investment Income | - | 14,680 | (14,680) |
| Benefit payments | (108,759) | (108,759) | - |
| Administrative Expense | - | 283 | (283) |
| Net Changes | <u>95,016</u> | <u>(45,712)</u> | <u>140,728</u> |
| Balances at December 31, 2016 | <u>1,421,660</u> | <u>787,909</u> | <u>633,751</u> |

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2016, 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:

| | 1% Decrease (6.50%) | Current Single Discount Rate Assumption (7.50%) | 1% Increase (8.50%) |
|-----------------------|---------------------------|--|---------------------------|
| Net Pension Liability | \$ 776,689 | \$ 633,751 | \$ 512,088 |

Pension Plan Fiduciary Net Position – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publically available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

Pension Expense, 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 \$105,429. 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> |
|--|---|--|
| Difference between expected and actual experience | \$ - | \$ - |
| Assumption Changes | - | - |
| Net difference between projected and actual earnings on pension plan investments | 40,078 | - |
| Contributions subsequent to the measurement date | 48,084 | - |
| Total | \$ 88,162 | \$ - |

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

\$48,084 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|-------------------------------|-----------|
| Year ended December 31, 2016: | |
| 2017 | \$ 10,319 |
| 2018 | 10,319 |
| 2019 | 10,318 |
| 2020 | 9,122 |

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

Pensions – The City of La Junta participates in the Old Hire Police Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the Old Hire Police Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments - Investments are reported at fair value.

Plan Information

Plan Description - The City, on behalf of certain full-time paid Police Officers, contributes to the Old Hire Police Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled for investment purposes in the Fire Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA.

Plan Membership – Plan membership consists of active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City’s current plan.

The following is a summary of the participants:

| | <u>Old Hire Police</u> |
|--------------------------|------------------------|
| Active Members | 0 |
| Retired Members | 1 |
| Disabled Retired Members | 0 |
| Beneficiaries | 2 |

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of La Junta Old Hire Police Pension Fund and is as follows:

The Old Hire Police Pension Fund provides retirement benefits to police Officers who have attained both 55 years of age and completed 20 years of service or upon completion of 25 years of service, if earlier. Any Police Officer who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to 70% of his monthly salary at the date of his retirement.

Upon death, the surviving spouse receives a monthly pension equal to 100% of the monthly pension the Police Officer was entitled to receive prior to death. In addition the plan calls for a 3% cost of living adjustment effective each January 1.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Title 31, Article 30 of the Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of La Junta Old Hire Police Pension Fund. That report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Contributions - The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City of La Junta are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Old Hire Police Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2014 actuarial valuation. Total contribution for the year ended December 31, 2016 was \$37,190. The contribution of the City of La Junta Police Department was equal to the required contribution for the year.

Net Pension Liability

The net pension liability was measured at December 31, 2015, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2016, and the City’s fiscal year ending date, or reporting date, is December 31, 2016.

Actuarial Assumptions – The total pension liability in the actuarial valuation as of December 31, 2015 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount Rate – 7.50%
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 13 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 Rates – Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
Disabled (pre-1980): RP-2000 Disabled Mortality Table
All tables projected with Scale AA

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

Assumption Changes - The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

- Inflation – 2.50%
- Mortality – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Long-Term Expected Rate of Return on Pension Plan Investments - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2015, are summarized in the table below:

Target Allocations

| Asset Class | Target Allocation | Long Term Expected Rate of Return |
|-----------------------|-------------------|-----------------------------------|
| Global Equity | 37.00% | 6.50% |
| Equity Long/Short | 10.00% | 4.70% |
| Illiquid Alternatives | 20.00% | 8.00% |
| Fixed Income | 16.00% | 1.50% |
| Absolute Return | 11.00% | 4.10% |
| Managed Futures | 4.00% | 3.00% |
| Cash | 2.00% | 0.00%** |
| Total | 100.00% | |

** While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized.

Single 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 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closet to but no later than the measurement date of the "State & local bonds" rate from Federal Reserve statically release); and the resulting Single Discount Rate is 7.50%.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balances at December 31, 2015 | \$ 1,062,582 | \$ 750,310 | \$ 312,272 |
| Change for the year: | | | |
| Interest | 75,714 | - | 75,714 |
| Difference between Expected & Actual Experience | 61,291 | - | 61,291 |
| Changes in Assumptions | 64,117 | - | 64,117 |
| Contributions – Employer | - | 37,190 | (37,190) |
| Contributions – Member | - | - | - |
| Net Investment Income | - | 13,305 | (13,305) |
| Benefit payments | (108,084) | (108,084) | - |
| Administrative Expense | - | (1,302) | 1,302 |
| Net Changes | 93,038 | (58,891) | 151,929 |
| Balances at December 31, 2016 | 1,155,620 | 691,419 | 464,201 |

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2016, 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:

| | <u>1% Decrease (6.50%)</u> | <u>Current Single Discount Rate Assumption (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|-----------------------|------------------------------------|--|------------------------------------|
| Net Pension Liability | \$ 571,559 | \$ 464,201 | \$ 372,383 |

Pension Plan Fiduciary Net Position – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publically available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

Pension Expense, 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 \$120,742. 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> |
|--|---|--|
| Difference between expected and actual experience | \$ - | \$ - |
| Assumption Changes | - | - |
| Net difference between projected and actual earnings on pension plan investments | 35,429 | - |
| Contributions subsequent to the measurement date | 37,190 | - |
| Total | \$ 72,619 | \$ - |

\$37,190 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31, 2016: | |
|-------------------------------|----------|
| 2017 | \$ 9,123 |
| 2018 | 9,123 |
| 2019 | 9,121 |
| 2020 | 8,062 |

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS

Plan Description - The City provides pension benefits for all of its full-time Fire and Police employees hired after April, 1978 and old hires that chose to switch to the new plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. State legislation requires that both the employee and the City contribute an amount equal to 8 percent of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after ten years' continuous service. City contributions for, and interest forfeited by, employees who leave employment before ten years of service are used to reduce the City's current-period contribution requirement.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Funding Policy - The City's total Fire and Police payroll for 2016 was \$244,932 and \$554,028, respectively. The City's contributions were calculated using a base salary amount of \$244,577 and \$499,157. Both City and the covered employees made the required 8 percent contribution, amounting to \$2,174 each for Firemen or a total of \$19,566 and \$2,349 each for Policemen or a total of \$39,933. As of December 31, 2016 the market value of assets held by the plans is \$497,611 for Fire and \$495,154 for Police.

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

Plan Description - The City provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after attaining age 21 and having been employed six months. The plan entrance dates are January 1 and July 1. The plan requires that the employees' contribute a minimum of 1 percent and the City contributes an amount equal to 5.7 percent of the employee's base.

Funding Policy - The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years' continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's current-period contribution requirement.

The City's total payroll in fiscal year 2016 was \$5,148,182. The City's contributions were calculated using the base salary amount of \$3,918,509. Both the City and the covered employees made the required contributions amounting to \$201,363 and \$242,747, respectively, for a total of \$444,110. As of December 31, 2016 the market value of assets held was \$11,172,142.

NOTE -11 RELATED PARTY TRANSACTIONS

The City had expenditures of approximately \$2,790 made to businesses owned by council members.

As indicated in Note -1, the City entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2016, the City had paid OCLI \$190,004 for its share of the costs of which \$5,531 was due and recorded as accounts payable in the Sanitation Utility Fund. The City has recognized \$727,000 for its share of estimated closure and post closure care costs.

The City purchased approximately \$8.7 million of power from ARPA (a jointly governed entity), of which \$689,986 is recorded in accounts payable in the Electric Utility Fund, to be resold to its utility customers.

NOTE -12 LEASES AND UNEARNED LEASE REVENUES

The City's Property Management Fund has entered into two lease agreements with entities for space in which the lessee paid advance amounts for improvements of \$425,000 and \$754,518. The City would be required to refund a proportion of this based on the life of the lease if they terminate the lease early. It is being recognized over the terms of the lease agreements of 20 years and 40 years with the unamortized balance included in unearned lease revenues. As of December 31, 2016 the balance remaining was \$821,810 with \$43,021 reported as unearned lease revenues – current.

The future minimum rentals on noncancellable leases as of December 31, 2016 are as follows:

| | | |
|------------|----|-----------|
| 2017 | \$ | 878,718 |
| 2018 | | 796,542 |
| 2019 | | 775,740 |
| 2020 | | 722,705 |
| 2021 | | 556,288 |
| Thereafter | | 4,462,837 |

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -13 TAX SPENDING AND DEBT LIMITATIONS

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

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

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the City's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

On November 2, 1993 the voters of the City approved an amendment to allow the collection, retention, and expenditure of the full proceeds of the City's sales and use tax and non-federal grants.

Emergency Reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. \$227,900 of the fund balance has been reserved in compliance with this requirement.

NOTE -14 COMMITMENTS

As part of the settlement, the City agrees that from July 23, 2014 through July 23, 2017 if any claim for rescission of the Organic Contract or the Power Supply Agreement is made by the City, or the City otherwise seeks to terminate its relationship with ARPA or its obligation to purchase its wholesale electricity requirements from ARPA under those agreements, the City shall repay Syncora Guarantee the full amount of the Settlement Payment for the avoidance of ambiguity. The City's share was approximately 31%, or \$623,075.

NOTE -15 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statement were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA JUNTA, COLORADO

OLD HIRE FIRE PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2016

| | <u>2016</u> |
|---|---------------------|
| TOTAL PENSION LIABILITY | |
| SERVICE COST | \$ - |
| INTEREST | 95,494 |
| CHANGES TO BENEFIT TERMS | - |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | 32,911 |
| ASSUMPTION CHANGES | 75,370 |
| BENEFIT PAYMENTS, INCLUDING LUMP SUMS | <u>(108,759)</u> |
| NET CHANGE IN TOTAL PENSION LIABILITY | 95,016 |
| | |
| TOTAL PENSION LIABILITY - BEGINNING | 1,326,644 |
| TOTAL PENSION LIABILITY - ENDING (a) | <u>\$ 1,421,660</u> |
| | |
| PLAN FIDUCIARY NET POSITION | |
| CONTRIBUTIONS - EMPLOYER | \$ 48,084 |
| CONTRIBUTIONS - EMPLOYEE | - |
| NET INVESTMENT INCOME | 14,680 |
| BENEFIT PAYMENTS, INCLUDING LUMP SUMS | (108,759) |
| ADMINISTRATIVE EXPENSES | 283 |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | <u>(45,712)</u> |
| | |
| PLAN FIDUCIARY NET POSITION - BEGINNING | 833,621 |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | <u>\$ 787,909</u> |
| | |
| PLAN'S NET PENSION LIABILITY - BEGINNING | 493,023 |
| PLAN'S NET PENSION LIABILITY - ENDING (a) - (b) | <u>\$ 633,751</u> |
| | |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a) | 55.42% |
| | |
| COVERED-EMPLOYEE PAYROLL | N/A |
| | |
| PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | N/A |

CITY OF LA JUNTA, COLORADO

OLD HIRE POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2016

| | <u>2016</u> |
|---|----------------------------|
| TOTAL PENSION LIABILITY | |
| SERVICE COST | \$ - |
| INTEREST | 75,714 |
| CHANGES TO BENEFIT TERMS | - |
| DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE | 61,291 |
| ASSUMPTION CHANGES | 64,117 |
| BENEFIT PAYMENTS, INCLUDING LUMP SUMS | <u>(108,084)</u> |
| NET CHANGE IN TOTAL PENSION LIABILITY | 93,038 |
| TOTAL PENSION LIABILITY - BEGINNING | 1,062,582 |
| TOTAL PENSION LIABILITY - ENDING (a) | <u><u>\$ 1,155,620</u></u> |
| PLAN FIDUCIARY NET POSITION | |
| CONTRIBUTIONS - EMPLOYER | \$ 37,190 |
| CONTRIBUTIONS - EMPLOYEE | - |
| NET INVESTMENT INCOME | 13,305 |
| BENEFIT PAYMENTS, INCLUDING LUMP SUMS | (108,084) |
| ADMINISTRATIVE EXPENSES | <u>(1,302)</u> |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | (58,891) |
| PLAN FIDUCIARY NET POSITION - BEGINNING | 750,310 |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | <u><u>\$ 691,419</u></u> |
| PLAN'S NET PENSION LIABILITY - BEGINNING | 312,272 |
| PLAN'S NET PENSION LIABILITY - ENDING (a) - (b) | <u><u>\$ 464,201</u></u> |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a) | 59.83% |
| COVERED-EMPLOYEE PAYROLL | N/A |
| PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | N/A |

CITY OF LA JUNTA, COLORADO
 OLD HIRE FIRE PENSION FUND
 SCHEDULE OF PLAN CONTRIBUTIONS
 LAST 10 FISCAL YEARS

| <u>FY ENDING DECEMBER 31,</u> (a) | <u>ACTUARIALLY DETERMINED CONTRIBUTION</u> (b) | <u>ACTUAL CONTRIBUTION*</u> (c) | <u>CONTRIBUTION DEFICIENCY (EXCESS)</u> (d) = (b) - (c) | <u>COVERED PAYROLL</u> (e) | <u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u> (f) |
|--|---|--|--|-----------------------------------|---|
| 2016 | \$ 48,084 | \$ 48,084 | \$ - | N/A | N/A |
| 2015 | \$ 48,084 | \$ 48,084 | \$ - | N/A | N/A |
| 2014 | \$ 44,595 | \$ 44,595 | \$ - | N/A | N/A |
| 2013 | \$ 44,595 | \$ 44,595 | \$ - | N/A | N/A |
| 2012 | \$ 29,031 | \$ 29,031 | \$ - | N/A | N/A |
| 2011 | \$ 29,031 | \$ 29,031 | \$ - | N/A | N/A |
| 2010 | \$ 7,074 | \$ 7,074 | \$ - | N/A | N/A |
| 2009 | \$ 7,074 | \$ 7,074 | \$ - | N/A | N/A |
| 2008 | \$ 15,401 | \$ 15,401 | \$ - | N/A | N/A |
| 2007 | \$ 15,401 | \$ 15,401 | \$ - | N/A | N/A |

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

CITY OF LA JUNTA, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF PLAN CONTRIBUTIONS
 LAST 10 FISCAL YEARS

| <u>FY ENDING DECEMBER 31,</u> (a) | <u>ACTUARIALLY DETERMINED CONTRIBUTION</u> (b) | <u>ACTUAL CONTRIBUTION*</u> (c) | <u>CONTRIBUTION DEFICIENCY (EXCESS)</u> (d) = (b) - (c) | <u>COVERED PAYROLL</u> (e) | <u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u> (f) |
|--|---|--|--|-----------------------------------|---|
| 2016 | \$ 37,190 | \$ 37,190 | \$ - | N/A | N/A |
| 2015 | \$ 37,190 | \$ 37,190 | \$ - | N/A | N/A |
| 2014 | \$ 29,105 | \$ 29,105 | \$ - | N/A | N/A |
| 2013 | \$ 29,105 | \$ 29,105 | \$ - | N/A | N/A |
| 2012 | \$ 28,596 | \$ 28,596 | \$ - | N/A | N/A |
| 2011 | \$ 28,596 | \$ 28,596 | \$ - | N/A | N/A |
| 2010 | \$ - | \$ - | \$ - | N/A | N/A |
| 2009 | \$ - | \$ - | \$ - | N/A | N/A |
| 2008 | \$ 530 | \$ 530 | \$ - | N/A | N/A |
| 2007 | \$ 530 | \$ 530 | \$ - | N/A | N/A |

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

CITY OF LA JUNTA, COLORADO

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2016

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | ORIGINAL | FINAL | | POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| TAXES | \$ 5,045,500 | \$ 5,045,500 | \$ 5,172,218 | \$ 126,718 |
| LICENSES AND PERMITS | 14,800 | 14,800 | 28,551 | 13,751 |
| INTERGOVERNMENTAL | 1,075,800 | 1,151,900 | 461,564 | (690,336) |
| CHARGES FOR SERVICES | 1,314,200 | 1,314,200 | 1,307,438 | (6,762) |
| FINES | 40,000 | 40,000 | 26,495 | (13,505) |
| INTEREST | 10,700 | 10,700 | 12,993 | 2,293 |
| MISCELLANEOUS AND RENTALS | 62,400 | 62,400 | 110,576 | 48,176 |
| TOTAL REVENUES | <u>7,563,400</u> | <u>7,639,500</u> | <u>7,119,835</u> | <u>(519,665)</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | 2,602,000 | 2,833,500 | 2,051,497 | 782,003 |
| PUBLIC SAFETY | 2,328,300 | 2,354,400 | 2,107,041 | 247,359 |
| PUBLIC WORKS | 1,451,300 | 1,561,300 | 1,311,354 | 249,946 |
| HEALTH AND WELFARE | 286,900 | 286,900 | 307,589 | (20,689) |
| CULTURE AND RECREATION | 1,923,000 | 2,154,500 | 1,802,508 | 351,992 |
| TOTAL EXPENDITURES | <u>8,591,500</u> | <u>9,190,600</u> | <u>7,579,989</u> | <u>1,610,611</u> |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (1,028,100) | (1,551,100) | (460,154) | 1,090,946 |
| OTHER FINANCING SOURCES | | | | |
| TRANSFERS IN | <u>285,000</u> | <u>495,000</u> | <u>10,000</u> | <u>(485,000)</u> |
| REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | (743,100) | (1,056,100) | (450,154) | 605,946 |
| FUND BALANCE JANUARY 1 | <u>5,914,381</u> | <u>5,914,381</u> | <u>5,914,381</u> | - |
| FUND BALANCE DECEMBER 31 | <u>\$ 5,171,281</u> | <u>\$ 4,858,281</u> | <u>\$ 5,464,227</u> | <u>\$ 605,946</u> |

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA JUNTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2016

NOTE -1 SCHEDULES OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

Measurement Period: January 1, 2015 - December 31, 2015 for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date). The City elected the one-year lookback for measurement date and measurement period purposes.

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS

Actuarial Assumptions

Valuation Date: January 1, 2016

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.

Significant actuarial methods and assumptions used to determine the contribution rates for the Old Hire Fire Pension Fund and Old Hire Police Pension Fund are as follows:

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Actuarial Cost Method | - Entry Age Normal |
| Amortization Method | - Level Dollar, Open* |
| Remaining Amortization Period - Old Hire Fire | - 19 Years* |
| Remaining Amortization Period - Old Hire Police | - 13 Years* |
| Asset Valuation Method | - 5-Year smoothed fair value |
| Inflation | - 3.00% |
| Salary Increase | - N/A |
| Investment Rate of Return | - 7.50% |
| Retirement Age | - Any remaining actives are assumed to retire immediately |
| Mortality (Annuities) | - Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment |
| | - Disabled (pre-1980): RP-2000 Disabled Mortality Table |
| | - All tables projected with Scale AA. |

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

OTHER INFORMATION

CITY OF LA JUNTA, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 5,058,814 | \$ 5,510,110 |
| RESTRICTED CASH | 67,456 | 62,305 |
| DUE FROM OTHER GOVERNMENTS | 44,005 | 61,891 |
| ACCOUNTS RECEIVABLE | 162,049 | 62,221 |
| ACCRUED INTEREST | 1,214 | 1,219 |
| PROPERTY TAXES RECEIVABLE | 102,900 | 103,700 |
| DEPOSITS | - | 19,244 |
| DUE FROM OTHER FUNDS | 72,746 | 56,337 |
| SALES TAX RECEIVABLE | 384,790 | 389,131 |
| | <u>384,790</u> | <u>389,131</u> |
| TOTAL ASSETS | <u>\$ 5,893,974</u> | <u>\$ 6,266,158</u> |
| LIABILITIES | | |
| ACCOUNTS PAYABLE AND ACCRUED PAYROLL TAXES | \$ 322,827 | \$ 245,051 |
| DUE TO OTHER FUND | 4,020 | 3,026 |
| | <u>4,020</u> | <u>3,026</u> |
| TOTAL LIABILITIES | <u>326,847</u> | <u>248,077</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| DEFERRED REVENUES - PROPERTY TAXES | 102,900 | 103,700 |
| | <u>102,900</u> | <u>103,700</u> |
| FUND BALANCE | | |
| RESTRICTED FOR EMERGENCIES - TABOR | 227,900 | 205,000 |
| RESTRICTED ASSETS | 67,456 | 62,305 |
| ASSIGNED FOR SUBSEQUENT YEARS' EXPENDITURES | 1,295,100 | 743,100 |
| UNASSIGNED | 3,873,771 | 4,903,976 |
| | <u>3,873,771</u> | <u>4,903,976</u> |
| TOTAL FUND BALANCE | <u>5,464,227</u> | <u>5,914,381</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 5,893,974</u> | <u>\$ 6,266,158</u> |

CITY OF LA JUNTA, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| REVENUES | | |
| TAXES | \$ 5,172,218 | \$ 5,040,275 |
| LICENSES AND PERMITS | 28,551 | 41,055 |
| INTERGOVERNMENTAL | 461,564 | 444,451 |
| CHARGES FOR SERVICES | 1,307,438 | 1,320,424 |
| FINES | 26,495 | 34,275 |
| INTEREST | 12,993 | 12,560 |
| MISCELLANEOUS AND RENTALS | <u>110,576</u> | <u>93,326</u> |
| TOTAL REVENUES | <u>7,119,835</u> | <u>6,986,366</u> |
| EXPENDITURES | | |
| GENERAL GOVERNMENT | 2,051,497 | 1,783,996 |
| PUBLIC SAFETY | 2,107,041 | 1,956,875 |
| PUBLIC WORKS | 1,311,354 | 1,108,879 |
| HEALTH AND WELFARE | 307,589 | 296,695 |
| CULTURE AND RECREATION | <u>1,802,508</u> | <u>1,668,490</u> |
| TOTAL EXPENDITURES | <u>7,579,989</u> | <u>6,814,935</u> |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (460,154) | 171,431 |
| OTHER FINANCING SOURCES | | |
| TRANSFERS IN | <u>10,000</u> | <u>10,000</u> |
| REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | (450,154) | 181,431 |
| FUND BALANCE JANUARY 1 | <u>5,914,381</u> | <u>5,732,950</u> |
| FUND BALANCE DECEMBER 31 | <u>\$ 5,464,227</u> | <u>\$ 5,914,381</u> |

CITY OF LA JUNTA, COLORADO
SOUTHWEST AMTRAK IMPROVEMENT FUND
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|------------------------------------|---------------|------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 1,248,998 | \$ - |
| ACCOUNTS RECEIVABLE | 3,626,023 | - |
| ACCOUNTS RECEIVABLE - GRANT | 8,030,953 | - |
| TOTAL ASSETS | \$ 12,905,974 | \$ - |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 12,905,974 | \$ - |
| FUND BALANCE | | |
| UNASSIGNED | - | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 12,905,974 | \$ - |

CITY OF LA JUNTA, COLORADO

SOUTHWEST AMTRAK IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|-------------------|-------------|
| REVENUES | | |
| INTERGOVERNMENTAL | \$ 12,905,976 | \$ - |
| MISCELLANEOUS | <u>-</u> | <u>-</u> |
| TOTAL REVENUES | <u>12,905,976</u> | <u>-</u> |
| EXPENDITURES | | |
| GENERAL GOVERNMENT | - | - |
| CAPITAL PROJECTS | <u>12,905,976</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>12,905,976</u> | <u>-</u> |
| REVENUES OVER EXPENDITURES BEFORE | - | - |
| FUND BALANCE JANUARY 1 | <u>-</u> | <u>-</u> |
| FUND BALANCE DECEMBER 31 | <u>\$ -</u> | <u>\$ -</u> |

CITY OF LA JUNTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

| | SPECIAL REVENUE FUNDS | | | |
|---|-----------------------|-------------------------|-------------------------------|-----------------------------|
| | CONSERVATION TRUST | ECONOMIC DEVELOPMENT | URBAN RENEWAL AUTHORITY | LA JUNTA CAPITAL INC. |
| ASSETS | | | | |
| CASH OR EQUIVALENTS | \$ 113,981 | \$ 113,740 | \$ 622,132 | \$ 8,442 |
| RECEIVABLES | | | | |
| LODGING TAX RECEIVABLE | - | - | - | - |
| NOTES RECEIVABLE | - | - | 51,884 | - |
| DUE FROM GENERAL FUND | - | - | - | - |
| OTHER | 23,275 | - | 2,460 | - |
| TOTAL ASSETS | \$ 137,256 | \$ 113,740 | \$ 676,476 | \$ 8,442 |
| LIABILITIES | | | | |
| ACCOUNTS PAYABLE | \$ - | \$ - | \$ - | \$ - |
| DUE TO GENERAL FUND | 15,047 | - | - | - |
| TOTAL LIABILITIES | 15,047 | - | - | - |
| FUND BALANCE | | | | |
| NONSPENDABLE FOR: | | | | |
| NOTES | - | - | 51,884 | - |
| RESTRICTED FOR: | | | | |
| ENDOWMENTS | - | - | - | - |
| ASSIGNED | 122,209 | 113,740 | 624,592 | 8,442 |
| TOTAL FUND BALANCE | 122,209 | 113,740 | 676,476 | 8,442 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 137,256 | \$ 113,740 | \$ 676,476 | \$ 8,442 |

| MOVING VIOLATION SURCHARGE | LODGING TAX TOURISM | PERMANENT FUNDS | | TOTAL NONMAJOR GOVERNMENTAL FUND |
|----------------------------------|------------------------|----------------------|-----------------------|---|
| | | LIBRARY ENDOWMENT | CEMETERY ENDOWMENT | |
| \$ 5,848 | \$ 326,982 | \$ 100,000 | \$ 249,194 | \$ 1,540,319 |
| - | 19,462 | - | - | 19,462 |
| - | - | - | - | 51,884 |
| - | - | - | 4,020 | 4,020 |
| - | - | - | 154 | 25,889 |
| <u>\$ 5,848</u> | <u>\$ 346,444</u> | <u>\$ 100,000</u> | <u>\$ 253,368</u> | <u>\$ 1,641,574</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 35,000 | - | - | 50,047 |
| - | 35,000 | - | - | 50,047 |
| - | - | - | - | 51,884 |
| - | - | 100,000 | 253,368 | 353,368 |
| 5,848 | 311,444 | - | - | 1,186,275 |
| 5,848 | 311,444 | 100,000 | 253,368 | 1,591,527 |
| <u>\$ 5,848</u> | <u>\$ 346,444</u> | <u>\$ 100,000</u> | <u>\$ 253,368</u> | <u>\$ 1,641,574</u> |

CITY OF LA JUNTA, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCE

YEAR ENDED DECEMBER 31, 2016

| | SPECIAL REVENUE FUNDS | | | |
|--|-----------------------|-------------------------|-------------------------------|-----------------------------|
| | CONSERVATION TRUST | ECONOMIC DEVELOPMENT | URBAN RENEWAL AUTHORITY | LA JUNTA CAPITAL INC. |
| REVENUES | | | | |
| TAXES | \$ - | \$ - | \$ 54,346 | \$ - |
| INTERGOVERNMENTAL | 100,240 | - | - | - |
| INTEREST | 120 | 298 | 2,298 | 7 |
| OTHER | - | - | 1,200 | - |
| TOTAL REVENUES | 100,360 | 298 | 57,844 | 7 |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | 261,722 | - | 5,473 | - |
| ECONOMIC DEVELOPMENT | - | 114,392 | 46,058 | - |
| TOTAL EXPENDITURES | 261,722 | 114,392 | 51,531 | - |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | (161,362) | (114,094) | 6,313 | 7 |
| OTHER FINANCING SOURCES (USES) | | | | |
| CONTRIBUTIONS | - | - | - | - |
| TRANSFERS IN | - | 77,367 | - | - |
| OTHER | - | - | - | - |
| REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES | (161,362) | (36,727) | 6,313 | 7 |
| FUND BALANCE JANUARY 1 | 283,571 | 150,467 | 670,163 | 8,435 |
| FUND BALANCE DECEMBER 31 | <u>\$ 122,209</u> | <u>\$ 113,740</u> | <u>\$ 676,476</u> | <u>\$ 8,442</u> |

| MOVING VIOLATION SURCHARGE | LODGING TAX TOURISM | PERMANENT FUNDS | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|----------------------------------|------------------------|----------------------|-----------------------|--|
| | | LIBRARY ENDOWMENT | CEMETERY ENDOWMENT | |
| \$ - | \$ 163,177 | \$ - | \$ - | \$ 217,523 |
| - | - | - | - | 100,240 |
| - | 65 | 200 | 450 | 3,438 |
| 432 | 9,800 | - | - | 11,432 |
| 432 | 173,042 | 200 | 450 | 332,633 |
| - | 83,015 | - | - | 350,210 |
| - | - | - | - | 160,450 |
| - | 83,015 | - | - | 510,660 |
| 432 | 90,027 | 200 | 450 | (178,027) |
| - | - | - | 4,020 | 4,020 |
| - | - | - | - | 77,367 |
| - | - | (200) | (408) | (608) |
| 432 | 90,027 | - | 4,062 | (97,248) |
| 5,416 | 221,417 | 100,000 | 249,306 | 1,688,775 |
| \$ 5,848 | \$ 311,444 | \$ 100,000 | \$ 253,368 | \$ 1,591,527 |

CITY OF LA JUNTA, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 113,981 | \$ 300,491 |
| DUE FROM STATE OF COLORADO | <u>23,275</u> | <u>-</u> |
| | <u>\$ 137,256</u> | <u>\$ 300,491</u> |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ - | \$ - |
| DUE TO OTHER FUNDS | <u>15,047</u> | <u>16,920</u> |
| TOTAL LIABILITIES | 15,047 | 16,920 |
| FUND BALANCE | | |
| ASSIGNED | <u>122,209</u> | <u>283,571</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 137,256</u> | <u>\$ 300,491</u> |

CITY OF LA JUNTA, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|------------------------------------|-------------------|-------------------|--|-------------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| INTERGOVERNMENTAL | \$ 100,240 | \$ 98,400 | \$ 1,840 | \$ 67,025 |
| INTEREST | 120 | 200 | (80) | 174 |
| TOTAL REVENUES | 100,360 | 98,600 | 1,760 | 67,199 |
| EXPENDITURES | | | | |
| RECREATION | 261,722 | 224,000 | (37,722) | 76,916 |
| REVENUES OVER (UNDER) EXPENDITURES | (161,362) | (125,400) | (35,962) | (9,717) |
| FUND BALANCE JANUARY 1 | 283,571 | 283,571 | - | 293,288 |
| FUND BALANCE DECEMBER 31 | <u>\$ 122,209</u> | <u>\$ 158,171</u> | <u>\$ (35,962)</u> | <u>\$ 283,571</u> |

CITY OF LA JUNTA, COLORADO
 ECONOMIC DEVELOPMENT FUND
 BALANCE SHEET
 DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|------------------------------------|------------|------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 113,740 | \$ 155,679 |
| ACCOUNTS RECEIVABLE | - | 204 |
| TOTAL ASSETS | \$ 113,740 | \$ 155,883 |
| LIABILITIES | | |
| ACCRUED CONTRACT PAYABLE | \$ - | \$ 5,416 |
| FUND BALANCE | | |
| ASSIGNED | 113,740 | 150,467 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 113,740 | \$ 155,883 |

CITY OF LA JUNTA, COLORADO
ECONOMIC DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|--|--------------------------|--------------------------|--|--------------------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| INTEREST INCOME | \$ 298 | \$ 100 | \$ 198 | \$ 477 |
| TOTAL REVENUES | <u>298</u> | <u>100</u> | <u>198</u> | <u>477</u> |
| EXPENDITURES | | | | |
| CONTRACT SERVICES | 114,392 | 114,500 | 108 | 114,492 |
| MISCELLANEOUS | - | - | - | 41 |
| TOTAL EXPENDITURES | <u>114,392</u> | <u>114,500</u> | <u>108</u> | <u>114,533</u> |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (114,094) | (114,400) | 306 | (114,056) |
| OTHER FINANCING SOURCES (USES) | | | | |
| TRANSFERS IN | <u>77,367</u> | <u>114,500</u> | <u>(37,133)</u> | <u>114,492</u> |
| REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | (36,727) | 100 | (36,827) | 436 |
| FUND BALANCE JANUARY 1 | <u>150,467</u> | <u>150,467</u> | <u>-</u> | <u>150,031</u> |
| FUND BALANCE DECEMBER 31 | <u><u>\$ 113,740</u></u> | <u><u>\$ 150,567</u></u> | <u><u>\$ (36,827)</u></u> | <u><u>\$ 150,467</u></u> |

CITY OF LA JUNTA, COLORADO
 LA JUNTA URBAN RENEWAL AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 622,132 | \$ 631,268 |
| NOTES RECEIVABLE | 51,884 | 38,895 |
| DEPOSITS | <u>2,460</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 676,476</u> | <u>\$ 670,163</u> |
| | | |
| LIABILITIES | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| FUND BALANCE | | |
| NONSPENDABLE - NOTES RECEIVABLE | 51,884 | 38,895 |
| ASSIGNED | <u>624,592</u> | <u>631,268</u> |
| TOTAL FUND BALANCE | <u>676,476</u> | <u>670,163</u> |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 676,476</u> | <u>\$ 670,163</u> |

CITY OF LA JUNTA, COLORADO

LA JUNTA URBAN RENEWAL AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|---------------------------------------|-------------------|-------------------|--|-------------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| PROPERTY TAXES | \$ 54,346 | \$ 75,000 | \$ (20,654) | \$ 53,810 |
| LOCAL FUNDS | 1,200 | 1,200 | - | 1,200 |
| GRANTS | - | 2,800 | (2,800) | - |
| SALE OF ASSETS | - | - | - | 20,000 |
| INTEREST | 2,298 | 1,500 | 798 | 1,732 |
| TOTAL REVENUES | <u>57,844</u> | <u>80,500</u> | <u>(22,656)</u> | <u>76,742</u> |
| EXPENDITURES | | | | |
| ECONOMIC DEVELOPMENT | 46,058 | 21,300 | (24,758) | 51,556 |
| GENERAL GOVERNMENT | 5,473 | 5,000 | (473) | 7,824 |
| DEBT SERVICE | - | 34,700 | 34,700 | 34,730 |
| TOTAL EXPENDITURES | <u>51,531</u> | <u>61,000</u> | <u>9,469</u> | <u>94,110</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 6,313 | 19,500 | (13,187) | (17,368) |
| FUND BALANCE JANUARY 1 | <u>670,163</u> | <u>670,163</u> | - | <u>687,531</u> |
| FUND BALANCE DECEMBER 31 | <u>\$ 676,476</u> | <u>\$ 689,663</u> | <u>\$ (13,187)</u> | <u>\$ 670,163</u> |

CITY OF LA JUNTA, COLORADO

LA JUNTA CAPITAL, INC.

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-----------------|-----------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | <u>\$ 8,442</u> | <u>\$ 8,435</u> |
| | | |
| LIABILITIES | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| FUND BALANCE ASSIGNED | <u>8,442</u> | <u>8,435</u> |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 8,442</u> | <u>\$ 8,435</u> |

CITY OF LA JUNTA, COLORADO

LA JUNTA CAPITAL, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|------------------------------------|-----------------|-----------------|--|-----------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| INTEREST | \$ 7 | \$ - | \$ 7 | \$ 3 |
| OTHER | - | 20,000 | (20,000) | - |
| TOTAL REVENUES | 7 | 20,000 | (19,993) | 3 |
| EXPENDITURES | | | | |
| ADMINISTRATION | - | 20,000 | 20,000 | 120 |
| REVENUES OVER (UNDER) EXPENDITURES | 7 | - | 7 | (117) |
| FUND BALANCE JANUARY 1 | 8,435 | 8,435 | - | 8,552 |
| FUND BALANCE DECEMBER 31 | <u>\$ 8,442</u> | <u>\$ 8,435</u> | <u>\$ 7</u> | <u>\$ 8,435</u> |

CITY OF LA JUNTA, COLORADO
MOVING VIOLATION SURCHARGE
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|------------------------------------|----------|----------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 5,848 | \$ 5,416 |
| | | |
| LIABILITIES | \$ - | \$ - |
| | | |
| FUND BALANCE ASSIGNED | 5,848 | 5,416 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 5,848 | \$ 5,416 |

CITY OF LA JUNTA, COLORADO

MOVING VIOLATION SURCHARGE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|--------------------------------|----------|-----------------|--|----------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES SURCHARGE | \$ 432 | \$ 600 | \$ (168) | \$ 686 |
| EXPENDITURES CAPITAL OUTLAY | - | - | - | - |
| REVENUES OVER EXPENDITURES | 432 | 600 | (168) | 686 |
| FUND BALANCE JANUARY 1 | 5,416 | 5,416 | - | 4,730 |
| FUND BALANCE DECEMBER 31 | \$ 5,848 | \$ 6,016 | \$ (168) | \$ 5,416 |

CITY OF LA JUNTA, COLORADO

LODGING TAX TOURISM FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CASH OR EQUIVALENTS | \$ 326,982 | \$ 239,098 |
| TAX RECEIVABLE | <u>19,462</u> | <u>21,776</u> |
| TOTAL ASSETS | <u>\$ 346,444</u> | <u>\$ 260,874</u> |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ - | \$ 40 |
| DUE TO OTHER FUNDS | <u>35,000</u> | <u>39,417</u> |
| TOTAL LIABILITIES | <u>35,000</u> | <u>39,457</u> |
| FUND BALANCE ASSIGNED | <u>311,444</u> | <u>221,417</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 346,444</u> | <u>\$ 260,874</u> |

CITY OF LA JUNTA, COLORADO

LODGING TAX TOURISM FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|------------------------------------|------------|-----------------|--|----------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| TOURISM TAX | \$ 163,177 | \$ 125,000 | \$ 38,177 | \$ 155,976 |
| INTEREST | 65 | 100 | (35) | 53 |
| OTHER | 9,800 | - | 9,800 | - |
| TOTAL REVENUES | 173,042 | 125,100 | 47,942 | 156,029 |
| EXPENDITURES | | | | |
| ADVERTISING | 13,151 | 40,000 | 26,849 | 41,287 |
| SUPPLIES | 15,000 | 15,000 | - | 15,017 |
| EVENTS | 48,145 | 60,500 | 12,355 | 52,403 |
| ADMINISTRATIVE FEES | 4,723 | 4,000 | (723) | 4,418 |
| MISCELLANEOUS | 1,996 | 500 | (1,496) | 679 |
| TOTAL EXPENDITURES | 83,015 | 120,000 | 36,985 | 113,804 |
| REVENUES OVER (UNDER) EXPENDITURES | 90,027 | 5,100 | 84,927 | 42,225 |
| FUND BALANCE JANUARY 1 | 221,417 | 221,417 | - | 179,192 |
| FUND BALANCE DECEMBER 31 | \$ 311,444 | \$ 226,517 | \$ 84,927 | \$ 221,417 |

CITY OF LA JUNTA, COLORADO

LIBRARY ENDOWMENT FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CASH IN SAVINGS | \$ 100,000 | \$ 100,000 |
| ACCRUED INTEREST RECEIVABLE | <u>-</u> | <u>5</u> |
| TOTAL ASSETS | <u>\$ 100,000</u> | <u>\$ 100,005</u> |
| | | |
| LIABILITIES | \$ - | \$ - |
| | | |
| FUND BALANCE | | |
| RESTRICTED FOR ENDOWMENTS | <u>100,000</u> | <u>100,005</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 100,000</u> | <u>\$ 100,005</u> |

CITY OF LA JUNTA, COLORADO

LIBRARY ENDOWMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|--|-------------------|-------------------|--|-------------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| INTEREST INCOME | \$ 200 | \$ 200 | \$ - | \$ 200 |
| EXPENDITURES | - | - | - | - |
| REVENUES OVER EXPENDITURES BEFORE OTHER | 200 | 200 | - | 200 |
| OTHER | (200) | (200) | - | (200) |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE JANUARY 1 | 100,000 | 100,000 | - | 100,005 |
| FUND BALANCE DECEMBER 31 | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ -</u> | <u>\$ 100,005</u> |

CITY OF LA JUNTA, COLORADO
CEMETERY ENDOWMENT FUND
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|------------------------------------|------------|------------|
| ASSETS | | |
| CASH AND EQUIVALENTS | \$ 249,194 | \$ 246,121 |
| ACCRUED INTEREST RECEIVABLE | 154 | 159 |
| DUE FROM GENERAL FUND | 4,020 | 3,026 |
| TOTAL ASSETS | \$ 253,368 | \$ 249,306 |
| LIABILITIES | \$ - | \$ - |
| FUND BALANCE | | |
| RESTRICTED FOR ENDOWMENTS | 253,368 | 249,306 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 253,368 | \$ 249,306 |

CITY OF LA JUNTA

CEMETERY ENDOWMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | VARIANCE FAVORABLE (UNFAVORABLE) | 2015 ACTUAL |
|--|-------------------|-------------------|--|-------------------|
| | ACTUAL | FINAL BUDGET | | |
| REVENUES | | | | |
| INTEREST INCOME | \$ 450 | \$ 400 | \$ 50 | \$ 421 |
| EXPENDITURES | - | - | - | - |
| REVENUES OVER EXPENDITURES BEFORE CONTRIBUTIONS AND OTHER | 450 | 400 | 50 | 421 |
| CONTRIBUTIONS | 4,020 | 2,600 | 1,420 | 3,452 |
| OTHER | (408) | (2,600) | 2,192 | (8,337) |
| NET CHANGE IN FUND BALANCE | 4,062 | 400 | 3,662 | (4,464) |
| FUND BALANCE JANUARY 1 | 249,306 | 249,306 | - | 253,770 |
| FUND BALANCE DECEMBER 31 | <u>\$ 253,368</u> | <u>\$ 249,706</u> | <u>\$ 3,662</u> | <u>\$ 249,306</u> |

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 4,567,808 | \$ 4,676,341 |
| ACCOUNTS RECEIVABLE BILLED CUSTOMERS - NET | 671,707 | 640,127 |
| ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS | 592,700 | 674,500 |
| PROJECT RECEIVABLE | - | 4,599 |
| BORROWINGS TO OTHER FUND - CURRENT | 129,580 | 124,507 |
| INVENTORIES | 1,702,316 | 1,620,995 |
| PREPAID AND ACCRUALS | 4,697 | 2,425 |
| | <u>7,668,808</u> | <u>7,743,494</u> |
| TOTAL CURRENT ASSETS | | |
| PROPERTY AND EQUIPMENT | | |
| LAND, ELECTRIC SYSTEM, AND EQUIPMENT | 17,161,945 | 16,881,993 |
| ACCUMULATED DEPRECIATION | <u>(13,545,409)</u> | <u>(13,140,648)</u> |
| | <u>3,616,536</u> | <u>3,741,345</u> |
| NET PROPERTY AND EQUIPMENT | | |
| OTHER ASSETS | | |
| BORROWINGS TO OTHER FUND | <u>1,245,913</u> | <u>1,375,493</u> |
| | <u>\$ 12,531,257</u> | <u>\$ 12,860,332</u> |
| TOTAL ASSETS | | |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 788,688 | \$ 722,689 |
| CUSTOMER DEPOSITS | <u>163,739</u> | <u>145,150</u> |
| | 952,427 | 867,839 |
| TOTAL CURRENT LIABILITIES | | |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | <u>343,682</u> | <u>326,856</u> |
| | <u>1,296,109</u> | <u>1,194,695</u> |
| TOTAL LIABILITIES | | |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 3,616,536 | 3,741,345 |
| UNRESTRICTED | <u>7,618,612</u> | <u>7,924,292</u> |
| | <u>11,235,148</u> | <u>11,665,637</u> |
| TOTAL NET POSITION | | |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 12,531,257</u> | <u>\$ 12,860,332</u> |

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|----------------------|----------------------|
| OPERATING REVENUES | | |
| CHARGES FOR SERVICES | \$ 11,115,077 | \$ 11,381,431 |
| OTHER | 34,697 | 38,608 |
| | <u>11,149,774</u> | <u>11,420,039</u> |
| TOTAL OPERATING REVENUES | | |
| OPERATING EXPENSES | | |
| GENERATION | 9,246,042 | 9,428,774 |
| DISTRIBUTION | 773,662 | 719,199 |
| ACCOUNTING AND GENERAL ADMINISTRATION | 1,327,110 | 1,316,465 |
| DEPRECIATION | 439,443 | 450,784 |
| | <u>11,786,257</u> | <u>11,915,222</u> |
| TOTAL OPERATING EXPENSES | | |
| OPERATING (LOSS) INCOME | <u>(636,483)</u> | <u>(495,183)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| INTEREST INCOME | 71,808 | 12,812 |
| OTHER | 142,792 | 91,755 |
| GAIN (LOSS) ON SALE OF ASSETS | (8,606) | 10,000 |
| | <u>205,994</u> | <u>114,567</u> |
| TOTAL NONOPERATING REVENUES | | |
| CHANGE IN NET POSITION | (430,489) | (380,616) |
| NET POSITION JANUARY 1 | <u>11,665,637</u> | <u>12,046,253</u> |
| NET POSITION DECEMBER 31 | <u>\$ 11,235,148</u> | <u>\$ 11,665,637</u> |

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 11,165,297 | \$ 11,586,192 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (11,345,310) | (11,499,669) |
| OTHER OPERATING REVENUES | <u>34,697</u> | <u>38,608</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(145,316)</u> | <u>125,131</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| OTHER REVENUES | 142,792 | 91,755 |
| CASH PROCEEDS (PAYMENTS) ON PROJECTS | 4,599 | (1,213) |
| CUSTOMER DEPOSITS | <u>18,589</u> | <u>12,648</u> |
| NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>165,980</u> | <u>103,190</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (323,708) | (570,157) |
| CASH PROCEEDS FROM SALE OF ASSET | 468 | 10,000 |
| INTEREST PAID ON DEPOSITS | - | (404) |
| BORROWINGS TO OTHER FUND | <u>124,507</u> | <u>(1,500,000)</u> |
| NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(198,733)</u> | <u>(2,060,561)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS AND LOANS | <u>69,536</u> | <u>14,607</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (108,533) | (1,817,633) |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | <u>4,676,341</u> | <u>6,493,974</u> |
| CASH AND CASH EQUIVALENTS END OF YEAR | <u>\$ 4,567,808</u> | <u>\$ 4,676,341</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| OPERATING LOSS | \$ (636,483) | \$ (495,183) |
| ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 439,443 | 450,784 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN INVENTORIES | (81,321) | (69,248) |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | 50,220 | 204,761 |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | 65,999 | (7,760) |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | <u>16,826</u> | <u>41,777</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (145,316)</u> | <u>\$ 125,131</u> |

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-----------------------|-----------------------|----------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| CHARGES FOR SERVICES | \$ 11,078,000 | \$ 11,078,000 | \$ 11,115,077 | \$ 37,077 |
| INTEREST INCOME | 7,000 | 7,000 | 71,808 | 64,808 |
| OTHER | 95,000 | 95,000 | 168,883 | 73,883 |
| TOTAL REVENUES | <u>11,180,000</u> | <u>11,180,000</u> | <u>11,355,768</u> | <u>175,768</u> |
| EXPENDITURES | | | | |
| GENERATION | 9,380,100 | 9,380,100 | 9,246,042 | 134,058 |
| DISTRIBUTION | 985,800 | 985,800 | 773,662 | 212,138 |
| GENERAL ADMINISTRATION | 1,373,800 | 1,373,800 | 1,327,110 | 46,690 |
| DEPRECIATION | 420,000 | 420,000 | 439,443 | (19,443) |
| CAPITAL OUTLAY | 560,000 | 605,000 | 324,066 | 280,934 |
| TOTAL EXPENDITURES | <u>12,719,700</u> | <u>12,764,700</u> | <u>12,110,323</u> | <u>654,377</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (1,539,700)</u> | <u>\$ (1,584,700)</u> | (754,555) | <u>\$ 830,145</u> |
| ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR: CAPITALIZATION OF FIXED ASSETS | | | <u>324,066</u> | |
| CHANGE IN NET POSITION | | | (430,489) | |
| NET POSITION JANUARY 1 | | | <u>11,665,637</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 11,235,148</u> | |

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 469,912 | \$ 391,785 |
| ACCOUNTS RECEIVABLE - CUSTOMERS | 152,470 | 151,099 |
| ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS | 82,000 | 72,845 |
| INVENTORIES | 418,003 | 380,360 |
| WATER INVENTORY | 47,360 | 33,282 |
| PREPAID AND ACCRUALS | 25,265 | 190 |
| | <u>1,195,010</u> | <u>1,029,561</u> |
| TOTAL CURRENT ASSETS | | |
| PROPERTY AND EQUIPMENT | | |
| LAND, WATER SYSTEM, AND EQUIPMENT | 25,773,849 | 25,795,051 |
| ACCUMULATED DEPRECIATION | (12,190,403) | (11,762,302) |
| | <u>13,583,446</u> | <u>14,032,749</u> |
| NET PROPERTY AND EQUIPMENT | | |
| TOTAL ASSETS | <u>\$ 14,778,456</u> | <u>\$ 15,062,310</u> |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 22,345 | \$ 80,023 |
| ACCRUED WATER STORAGE FEE | 11,840 | 8,154 |
| ACCRUED LOAN INTEREST | 52,110 | 56,992 |
| UNEARNED REVENUE - WATER LEASES | 8,458 | 13,158 |
| CURRENT PORTION - LOAN PAYABLE | 651,111 | 634,812 |
| | <u>745,864</u> | <u>793,139</u> |
| TOTAL CURRENT LIABILITIES | | |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | 174,041 | 154,635 |
| LOAN PAYABLE | 4,267,793 | 4,918,904 |
| | <u>4,441,834</u> | <u>5,073,539</u> |
| TOTAL NONCURRENT LIABILITIES | | |
| TOTAL LIABILITIES | <u>5,187,698</u> | <u>5,866,678</u> |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 8,664,542 | 8,479,033 |
| RESTRICTED FOR OPERATIONS & MAINTENANCE | 491,800 | 494,000 |
| UNRESTRICTED | 434,416 | 222,599 |
| | <u>9,590,758</u> | <u>9,195,632</u> |
| TOTAL NET POSITION | | |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 14,778,456</u> | <u>\$ 15,062,310</u> |

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| CHARGES FOR SERVICES | \$ 2,763,963 | \$ 2,684,564 |
| OTHER | 136,330 | 128,273 |
| | <u>2,900,293</u> | <u>2,812,837</u> |
| OPERATING EXPENSES | | |
| SOURCE OF SUPPLY | 98,691 | 98,504 |
| POWER AND PUMPING | 245,381 | 235,121 |
| PURIFICATION | 680,359 | 646,994 |
| TRANSMISSION AND STORAGE | 37,317 | 27,719 |
| DISTRIBUTION | 281,931 | 285,054 |
| ACCOUNTING AND GENERAL ADMINISTRATION | 623,157 | 683,372 |
| DEPRECIATION | 509,056 | 489,905 |
| | <u>2,475,892</u> | <u>2,466,669</u> |
| TOTAL OPERATING EXPENSES | | |
| | <u>424,401</u> | <u>346,168</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| INTEREST INCOME | 500 | 314 |
| INTEREST EXPENSE | (139,300) | (147,409) |
| RENT AND OTHER | 34,118 | 21,475 |
| GAIN (LOSS) ON SALE OF ASSETS | 27,152 | (3,226) |
| | <u>(77,530)</u> | <u>(128,846)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | | |
| | <u>346,871</u> | <u>217,322</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | | |
| | <u>48,255</u> | <u>1,500</u> |
| CAPITAL CONTRIBUTIONS | | |
| CHANGE IN NET POSITION | 395,126 | 218,822 |
| NET POSITION JANUARY 1 | <u>9,195,632</u> | <u>8,976,810</u> |
| NET POSITION DECEMBER 31 | <u>\$ 9,590,758</u> | <u>\$ 9,195,632</u> |

CITY OF LA JUNTA, COLORADO
WATER UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 2,753,437 | \$ 2,674,862 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (2,060,792) | (1,972,988) |
| OTHER OPERATING REVENUES | 136,330 | 128,273 |
| | 828,975 | 830,147 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | |
| RENTS RECEIVED AND OTHER | 29,418 | 24,850 |
| | 29,418 | 24,850 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (77,178) | (571,126) |
| CASH PROCEEDS FROM SALE OF ASSETS | 27,152 | - |
| CAPITAL CONTRIBUTED | 48,255 | 1,500 |
| PRINCIPAL PAID ON LOANS PAYABLE | (634,812) | (618,512) |
| INTEREST PAID ON LOANS PAYABLE | (144,182) | (160,500) |
| | (780,765) | (1,348,638) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | 499 | 178 |
| | 499 | 178 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 78,127 | (493,463) |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | 391,785 | 885,248 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 469,912 | \$ 391,785 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME | \$ 424,401 | \$ 346,168 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 509,056 | 489,905 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN INVENTORIES | (51,721) | (7,543) |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | (10,526) | (9,702) |
| (INCREASE) DECREASE IN PREPAIDS | (25,074) | - |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | (40,253) | 5,034 |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | 19,406 | 6,285 |
| INCREASE (DECREASE) IN ACCRUED WATER STORAGE FEE | 3,686 | - |
| | 828,975 | 830,147 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 828,975 | \$ 830,147 |
| SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES | | |
| CONSTRUCTION COSTS IN ACCOUNTS PAYABLE | \$ - | \$ 17,425 |

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| CHARGES FOR SERVICES | \$ 2,704,400 | \$ 2,704,400 | \$ 2,763,963 | \$ 59,563 |
| INTEREST INCOME | 1,000 | 1,000 | 500 | (500) |
| OTHER | 170,500 | 170,500 | 197,600 | 27,100 |
| TOTAL REVENUES | <u>2,875,900</u> | <u>2,875,900</u> | <u>2,962,063</u> | <u>86,163</u> |
| EXPENDITURES | | | | |
| SOURCE OF SUPPLY | 145,000 | 145,000 | 98,691 | 46,309 |
| POWER AND PUMPING | 240,100 | 240,100 | 245,381 | (5,281) |
| PURIFICATION | 648,600 | 648,600 | 680,359 | (31,759) |
| TRANSMISSION AND STORAGE | 41,100 | 41,100 | 37,317 | 3,783 |
| DISTRIBUTION | 256,900 | 256,900 | 281,931 | (25,031) |
| GENERAL ADMINISTRATION | 630,700 | 641,700 | 623,157 | 18,543 |
| DEPRECIATION AND AMORTIZATION | 500,000 | 500,000 | 509,056 | (9,056) |
| INTEREST | 144,000 | 144,000 | 139,300 | 4,700 |
| CAPITAL OUTLAY | 450,000 | 450,000 | 59,753 | 390,247 |
| DEBT SERVICE | 636,000 | 636,000 | 634,812 | 1,188 |
| TOTAL EXPENDITURES | <u>3,692,400</u> | <u>3,703,400</u> | <u>3,309,757</u> | <u>393,643</u> |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (816,500) | (827,500) | (347,694) | 479,806 |
| OTHER FINANCING SOURCES (USES) | | | | |
| CONTRIBUTIONS | 5,000 | 5,000 | 48,255 | 43,255 |
| | <u>\$ (811,500)</u> | <u>\$ (822,500)</u> | <u>(299,439)</u> | <u>\$ 523,061</u> |
| ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR: | | | | |
| CAPITALIZATION OF FIXED ASSETS | | | 59,753 | |
| PRINCIPAL PAID ON LOANS | | | 634,812 | |
| TOTAL ADJUSTMENTS TO BASIS | | | <u>694,565</u> | |
| CHANGE IN NET POSITION | | | 395,126 | |
| TOTAL NET POSITION JANUARY 1 | | | <u>9,195,632</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 9,590,758</u> | |

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 285,589 | \$ 434,976 |
| CASH WITH TRUSTEE | 12,500,233 | 13,334,883 |
| ACCOUNTS RECEIVABLE - CUSTOMERS | 163,180 | 114,338 |
| ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS | 75,800 | 90,300 |
| GRANT RECEIVABLE | 21,727 | - |
| INVENTORIES | 17,147 | 16,780 |
| | <u>13,063,676</u> | <u>13,991,277</u> |
| TOTAL CURRENT ASSETS | | |
| PROPERTY AND EQUIPMENT | | |
| LAND, SEWER SYSTEM, AND EQUIPMENT | 13,804,275 | 12,843,767 |
| ACCUMULATED DEPRECIATION | (8,909,211) | (8,632,374) |
| | <u>4,895,064</u> | <u>4,211,393</u> |
| NET PROPERTY AND EQUIPMENT | | |
| TOTAL ASSETS | <u>\$ 17,958,740</u> | <u>\$ 18,202,670</u> |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 13,509 | \$ 428,808 |
| ACCRUED INTEREST | 112,819 | 115,990 |
| CURRENT PORTION - LOANS PAYABLE | 531,937 | 524,849 |
| | <u>658,265</u> | <u>1,069,647</u> |
| TOTAL CURRENT LIABILITIES | | |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | 167,160 | 190,629 |
| LOANS PAYABLE | 12,378,463 | 12,910,400 |
| | <u>12,545,623</u> | <u>13,101,029</u> |
| TOTAL NONCURRENT LIABILITIES | | |
| TOTAL LIABILITIES | <u>13,203,888</u> | <u>14,170,676</u> |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 4,484,897 | 4,111,027 |
| RESTRICTED FOR OPERATIONS & MAINTENANCE | 291,600 | 285,000 |
| UNRESTRICTED | (21,645) | (364,033) |
| | <u>4,754,852</u> | <u>4,031,994</u> |
| TOTAL NET POSITION | | |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 17,958,740</u> | <u>\$ 18,202,670</u> |

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| CHARGES FOR SERVICES | \$ 2,152,828 | \$ 1,626,688 |
| OPERATING EXPENSES | | |
| COLLECTION SYSTEM | 237,421 | 241,472 |
| PUMPING STATIONS | 93,208 | 73,767 |
| TREATMENT PLANT | 480,354 | 514,689 |
| PRETREATMENT | 63,636 | 60,433 |
| ACCOUNTING AND GENERAL ADMINISTRATION | 291,415 | 255,408 |
| DEPRECIATION | <u>276,837</u> | <u>290,562</u> |
| TOTAL OPERATING EXPENSES | <u>1,442,871</u> | <u>1,436,331</u> |
| OPERATING INCOME (LOSS) | <u>709,957</u> | <u>190,357</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| INTEREST INCOME | 50 | 48 |
| INTEREST EXPENSE | (245,252) | (190,697) |
| GRANT AND OTHER | <u>255,303</u> | <u>7,735</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>10,101</u> | <u>(182,914)</u> |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 720,058 | 7,443 |
| CAPITAL CONTRIBUTIONS | <u>2,800</u> | <u>800</u> |
| CHANGE IN NET POSITION | 722,858 | 8,243 |
| NET POSITION JANUARY 1 | <u>4,031,994</u> | <u>4,023,751</u> |
| NET POSITION DECEMBER 31 | <u>\$ 4,754,852</u> | <u>\$ 4,031,994</u> |

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 2,118,486 | \$ 1,595,264 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | <u>(1,185,043)</u> | <u>(1,155,380)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>933,443</u> | <u>439,884</u> |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | |
| GRANT AND OTHER | <u>233,576</u> | <u>7,735</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (1,380,634) | (158,770) |
| CAPITAL CONTRIBUTED | 2,800 | 800 |
| LOAN PROCEEDS | - | 13,348,899 |
| PRINCIPAL PAID ON LOANS PAYABLE | (524,849) | (46,027) |
| INTEREST PAID ON LOANS PAYABLE | <u>(248,423)</u> | <u>(75,700)</u> |
| NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(2,151,106)</u> | <u>13,069,202</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | <u>50</u> | <u>48</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (984,037) | 13,516,869 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | <u>13,769,859</u> | <u>252,990</u> |
| CASH AND CASH EQUIVALENTS END OF YEAR | <u>\$ 12,785,822</u> | <u>\$ 13,769,859</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME | \$ 709,957 | \$ 190,357 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 276,837 | 290,562 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN INVENTORIES | (367) | (907) |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | (34,342) | (31,424) |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | 4,827 | (12,387) |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | <u>(23,469)</u> | <u>3,683</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 933,443</u> | <u>\$ 439,884</u> |
| SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES | | |
| EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE | <u>\$ -</u> | <u>\$ 420,126</u> |

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| CHARGES FOR SERVICES | \$ 2,233,000 | \$ 2,233,000 | \$ 2,152,828 | \$ (80,172) |
| INTEREST INCOME | 1,000 | 1,000 | 50 | (950) |
| OTHER INCOME | 8,166,000 | 1,000,000 | 255,303 | (744,697) |
| TOTAL REVENUES | <u>10,400,000</u> | <u>3,234,000</u> | <u>2,408,181</u> | <u>(825,819)</u> |
| EXPENDITURES | | | | |
| COLLECTION SYSTEM | 250,100 | 250,100 | 237,421 | 12,679 |
| PUMPING STATION | 72,400 | 72,400 | 93,208 | (20,808) |
| TREATMENT PLANT | 517,800 | 517,800 | 480,354 | 37,446 |
| PRETREATMENT | 63,600 | 63,600 | 63,636 | (36) |
| GENERAL ADMINISTRATION | 302,400 | 302,400 | 291,415 | 10,985 |
| DEPRECIATION | 350,000 | 350,000 | 276,837 | 73,163 |
| INTEREST | 276,400 | 276,400 | 245,252 | 31,148 |
| CAPITAL OUTLAY | 8,241,000 | 1,075,000 | 960,509 | 114,491 |
| DEBT SERVICE | 509,200 | 509,200 | 524,849 | (15,649) |
| TOTAL EXPENDITURES | <u>10,582,900</u> | <u>3,416,900</u> | <u>3,173,481</u> | <u>243,419</u> |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (182,900) | (182,900) | (765,300) | (582,400) |
| OTHER FINANCING SOURCES | | | | |
| CONTRIBUTIONS | - | - | 2,800 | 2,800 |
| | <u>\$ (182,900)</u> | <u>\$ (182,900)</u> | <u>(762,500)</u> | <u>\$ (579,600)</u> |
| ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR: | | | | |
| CAPITALIZATION OF FIXED ASSETS | | | 960,509 | |
| PRINCIPAL PAID ON LOANS | | | 524,849 | |
| TOTAL ADJUSTMENTS TO BASIS | | | <u>1,485,358</u> | |
| CHANGE IN NET POSITION | | | 722,858 | |
| TOTAL NET POSITION JANUARY 1 | | | <u>4,031,994</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 4,754,852</u> | |

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 1,496,170 | \$ 1,539,956 |
| ACCOUNTS RECEIVABLE - CUSTOMERS | 61,677 | 62,852 |
| ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS | 29,700 | 34,400 |
| INVENTORIES | 5,242 | 4,720 |
| PREPAID AND ACCRUALS | <u>123</u> | <u>123</u> |
| TOTAL CURRENT ASSETS | <u>1,592,912</u> | <u>1,642,051</u> |
| PROPERTY AND EQUIPMENT | | |
| STRUCTURES AND EQUIPMENT | 1,168,745 | 1,090,813 |
| ACCUMULATED DEPRECIATION | <u>(804,582)</u> | <u>(742,514)</u> |
| NET PROPERTY AND EQUIPMENT | <u>364,163</u> | <u>348,299</u> |
| TOTAL ASSETS | <u>\$ 1,957,075</u> | <u>\$ 1,990,350</u> |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 48,891 | \$ 9,318 |
| CURRENT PORTION - LANDFILL COSTS | <u>21,800</u> | <u>24,000</u> |
| TOTAL CURRENT LIABILITIES | <u>70,691</u> | <u>33,318</u> |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | 35,289 | 41,212 |
| ACCRUED CLOSURE AND POST CLOSURE COSTS | <u>705,200</u> | <u>776,442</u> |
| TOTAL NONCURRENT LIABILITIES | <u>740,489</u> | <u>817,654</u> |
| TOTAL LIABILITIES | <u>811,180</u> | <u>850,972</u> |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 364,163 | 348,299 |
| UNRESTRICTED | <u>781,732</u> | <u>791,079</u> |
| TOTAL NET POSITION | <u>1,145,895</u> | <u>1,139,378</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 1,957,075</u> | <u>\$ 1,990,350</u> |

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| CHARGES FOR SERVICES | \$ 838,898 | \$ 839,458 |
| OTHER | <u>39,457</u> | <u>36,287</u> |
| TOTAL OPERATING REVENUES | <u>878,355</u> | <u>875,745</u> |
| OPERATING EXPENSES | | |
| SALARIES AND BENEFITS | 318,723 | 294,955 |
| SUPPLIES | 158,289 | 46,164 |
| MAINTENANCE | 83,207 | 58,075 |
| RECYCLING | 14,280 | 14,280 |
| LANDFILL AND POST CLOSURE COSTS | 116,562 | 166,748 |
| ACCOUNTING AND GENERAL ADMINISTRATION | 104,634 | 102,218 |
| DEPRECIATION | <u>79,390</u> | <u>53,054</u> |
| TOTAL OPERATING EXPENSES | <u>875,085</u> | <u>735,494</u> |
| OPERATING INCOME | <u>3,270</u> | <u>140,251</u> |
| NONOPERATING REVENUES | | |
| INTEREST INCOME | 747 | 660 |
| GAIN ON SALE OF ASSETS | <u>2,500</u> | <u>6,500</u> |
| TOTAL NONOPERATING REVENUES | <u>3,247</u> | <u>7,160</u> |
| CHANGE IN NET POSITION | 6,517 | 147,411 |
| NET POSITION JANUARY 1 | <u>1,139,378</u> | <u>991,967</u> |
| NET POSITION DECEMBER 31 | <u>\$ 1,145,895</u> | <u>\$ 1,139,378</u> |

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 844,773 | \$ 842,387 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (844,783) | (671,919) |
| OTHER OPERATING REVENUES | <u>39,457</u> | <u>36,287</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>39,447</u> | <u>206,755</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (86,480) | (150,285) |
| CASH PROCEEDS FROM SALE OF ASSET | <u>2,500</u> | <u>6,500</u> |
| NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(83,980)</u> | <u>(143,785)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | <u>747</u> | <u>662</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (43,786) | 63,632 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | <u>1,539,956</u> | <u>1,476,324</u> |
| CASH AND CASH EQUIVALENTS END OF YEAR | <u>\$ 1,496,170</u> | <u>\$ 1,539,956</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME | \$ 3,270 | \$ 140,251 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 79,390 | 53,054 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN INVENTORIES | (522) | 3,399 |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | 5,875 | 2,929 |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | 30,799 | 2,144 |
| INCREASE (DECREASE) IN ACCRUED POST CLOSURE COSTS | (73,442) | 2,442 |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | <u>(5,923)</u> | <u>2,536</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 39,447</u> | <u>\$ 206,755</u> |
| SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES | | |
| EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE | <u>\$ 8,774</u> | <u>\$ -</u> |

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | (NEGATIVE) |
| REVENUES | | | | |
| CHARGES FOR SERVICES | \$ 839,300 | \$ 839,300 | \$ 838,898 | \$ (402) |
| INTEREST | 600 | 600 | 747 | 147 |
| OTHER | 27,000 | 27,000 | 41,957 | 14,957 |
| TOTAL REVENUES | <u>866,900</u> | <u>866,900</u> | <u>881,602</u> | <u>14,702</u> |
| EXPENDITURES | | | | |
| SALARIES AND BENEFITS | 353,300 | 353,300 | 318,723 | 34,577 |
| SUPPLIES | 110,000 | 110,000 | 158,289 | (48,289) |
| MAINTENANCE | 85,200 | 85,200 | 83,207 | 1,993 |
| RECYCLING | 16,000 | 16,000 | 14,280 | 1,720 |
| LANDFILL AND POST CLOSURE COSTS | 320,000 | 320,000 | 116,562 | 203,438 |
| GENERAL ADMINISTRATION | 96,600 | 96,600 | 104,634 | (8,034) |
| DEPRECIATION | 49,200 | 49,200 | 79,390 | (30,190) |
| CAPITAL OUTLAY | 200,000 | 200,000 | 95,254 | 104,746 |
| TOTAL EXPENDITURES | <u>1,230,300</u> | <u>1,230,300</u> | <u>970,339</u> | <u>259,961</u> |
| CHANGE IN NET POSITION | <u>\$ (363,400)</u> | <u>\$ (363,400)</u> | (88,737) | <u>\$ 274,663</u> |
| ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR: CAPITALIZATION OF FIXED ASSETS | | | <u>95,254</u> | |
| CHANGE IN NET POSITION | | | 6,517 | |
| TOTAL NET POSITION JANUARY 1 | | | <u>1,139,378</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 1,145,895</u> | |

CITY OF LA JUNTA, COLORADO
PROPERTY MANAGEMENT FUND
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|--------------------------------------|---------------|---------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 602,521 | \$ 1,047,566 |
| RENT RECEIVABLE | 5,319 | 7,906 |
| PREPAID AND ACCRUALS | - | 151 |
| | 607,840 | 1,055,623 |
| TOTAL CURRENT ASSETS | 607,840 | 1,055,623 |
| PROPERTY AND EQUIPMENT | | |
| STRUCTURES AND EQUIPMENT | 20,030,527 | 19,141,773 |
| ACCUMULATED DEPRECIATION | (9,389,923) | (8,710,659) |
| | 10,640,604 | 10,431,114 |
| NET PROPERTY AND EQUIPMENT | 10,640,604 | 10,431,114 |
| TOTAL ASSETS | \$ 11,248,444 | \$ 11,486,737 |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 10,478 | \$ 6,319 |
| ACCRUED PROPERTY TAXES | 1,465 | 10,104 |
| DUE TO OTHER FUND | 22,699 | - |
| UNEARNED LEASE REVENUES - CURRENT | 43,021 | 78,426 |
| BORROWINGS FROM OTHER FUND - CURRENT | 129,580 | 124,507 |
| | 207,243 | 219,356 |
| TOTAL CURRENT LIABILITIES | 207,243 | 219,356 |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | 64,408 | 57,795 |
| UNEARNED LEASE REVENUES | 766,261 | 581,874 |
| BORROWINGS FROM OTHER FUND | 1,245,913 | 1,375,493 |
| | 2,076,582 | 2,015,162 |
| TOTAL NONCURRENT LIABILITIES | 2,076,582 | 2,015,162 |
| TOTAL LIABILITIES | 2,283,825 | 2,234,518 |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 9,265,111 | 8,931,114 |
| UNRESTRICTED | (300,492) | 321,105 |
| | 8,964,619 | 9,252,219 |
| TOTAL NET POSITION | 8,964,619 | 9,252,219 |
| TOTAL LIABILITIES AND NET POSITION | \$ 11,248,444 | \$ 11,486,737 |

CITY OF LA JUNTA, COLORADO

PROPERTY MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES | | |
| RENT | <u>\$ 1,009,819</u> | <u>\$ 847,518</u> |
| OPERATING EXPENSES | | |
| SALARIES AND BENEFITS | 182,655 | 182,361 |
| UTILITIES | 100,228 | 99,295 |
| MAINTENANCE | 94,770 | 146,392 |
| PROPERTY TAXES | - | 10,104 |
| OTHER | 16,390 | 15,547 |
| GENERAL ADMINISTRATION | 177,403 | 187,935 |
| DEPRECIATION | <u>667,677</u> | <u>612,601</u> |
| TOTAL OPERATING EXPENSES | <u>1,239,123</u> | <u>1,254,235</u> |
| OPERATING INCOME (LOSS) | <u>(229,304)</u> | <u>(406,717)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| INTEREST | 1,051 | 1,486 |
| INSURANCE PROCEEDS | 26,864 | 84,780 |
| GAIN (LOSS) ON SALE OF ASSET | 279 | (998) |
| OTHER | <u>877</u> | <u>100,000</u> |
| TOTAL NONOPERATING REVENUES | <u>29,071</u> | <u>185,268</u> |
| INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES) | <u>(200,233)</u> | <u>(221,449)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| TRANSFERS OUT | <u>(87,367)</u> | <u>(116,509)</u> |
| CHANGE IN NET POSITION | (287,600) | (337,958) |
| NET POSITION JANUARY 1 | <u>9,252,219</u> | <u>9,590,177</u> |
| NET POSITION DECEMBER 31 | <u>\$ 8,964,619</u> | <u>\$ 9,252,219</u> |

CITY OF LA JUNTA, COLORADO
PROPERTY MANAGEMENT FUND
STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM RENT | \$ 1,161,388 | \$ 1,431,969 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (552,229) | (636,044) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 609,159 | 795,925 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | |
| TRANSFERS IN (OUT) | (87,367) | (116,509) |
| OTHER | 1,156 | 100,000 |
| NET CASH FLOWS FROM (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES | (86,211) | (16,509) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (871,552) | (2,232,070) |
| BORROWINGS FROM OTHER FUND | (124,507) | 1,500,000 |
| CASH PROCEEDS FROM SALE OF ASSET | - | 10,000 |
| INSURANCE PROCEEDS | 26,864 | 84,780 |
| NET CASH FLOWS FROM (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES | (969,195) | (637,290) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | 1,202 | 1,486 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (445,045) | 143,612 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | 1,047,566 | 903,954 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 602,521 | \$ 1,047,566 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING LOSS | \$ (229,304) | \$ (406,717) |
| ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 667,677 | 612,601 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN RECEIVABLES | 2,587 | 33,943 |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | (1,456) | 1,633 |
| INCREASE (DECREASE) IN DEFERRED REVENUE | 148,982 | 550,508 |
| INCREASE (DECREASE) IN DUE TO OTHER FUND | 22,699 | - |
| INCREASE (DECREASE) IN ACCRUED TAXES | (8,639) | 1,280 |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | 6,613 | 2,677 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 609,159 | \$ 795,925 |
| SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES | | |
| EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE | \$ 5,615 | \$ - |

CITY OF LA JUNTA, COLORADO

PROPERTY MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|---------------------|-----------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| RENT | \$ 905,000 | \$ 905,000 | \$ 1,009,819 | \$ 104,819 |
| INTEREST | 400 | 400 | 1,051 | 651 |
| OTHER | - | - | 28,020 | 28,020 |
| TOTAL REVENUES | <u>905,400</u> | <u>905,400</u> | <u>1,038,890</u> | <u>133,490</u> |
| EXPENDITURES | | | | |
| SALARIES AND BENEFITS | 182,800 | 182,800 | 182,655 | 145 |
| UTILITIES | 94,800 | 94,800 | 100,228 | (5,428) |
| MAINTENANCE | 80,000 | 80,000 | 94,770 | (14,770) |
| PROPERTY TAXES | 10,000 | 10,000 | - | 10,000 |
| OTHER | 16,100 | 16,100 | 16,390 | (290) |
| GENERAL ADMINISTRATION | 185,400 | 185,400 | 177,403 | 7,997 |
| DEPRECIATION | 600,000 | 600,000 | 667,677 | (67,677) |
| CAPITAL OUTLAY | 255,300 | 855,300 | 877,167 | (21,867) |
| TOTAL EXPENDITURES | <u>1,424,400</u> | <u>2,024,400</u> | <u>2,116,290</u> | <u>(91,890)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (519,000) | (1,119,000) | (1,077,400) | 41,600 |
| OTHER FINANCING SOURCES (USES) TRANSFERS OUT | <u>(124,500)</u> | <u>(124,500)</u> | <u>(87,367)</u> | <u>37,133</u> |
| | <u>\$ (643,500)</u> | <u>\$ (1,243,500)</u> | <u>(1,164,767)</u> | <u>\$ 78,733</u> |
| ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR CAPITALIZATION OF FIXED ASSETS | | | <u>877,167</u> | |
| CHANGE IN NET POSITION | | | (287,600) | |
| TOTAL NET POSITION JANUARY 1 | | | <u>9,252,219</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 8,964,619</u> | |

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | CITY SERVICES | EMPLOYEE BENEFIT | TOTALS | |
|---|---------------------|---------------------|-------------------------|---------------------|
| | | | MEMORANDUM ONLY 2016 | 2015 |
| CURRENT ASSETS | | | | |
| CASH OR EQUIVALENTS | \$ 1,986,776 | \$ 2,139,683 | \$ 4,126,459 | \$ 3,828,253 |
| ACCOUNTS RECEIVABLE (NET) DUE FROM OTHER FUNDS | 5,570 | 9 | 5,579 | 3,110 |
| PREPAID AND ACCRUALS | - | - | - | - |
| INVENTORIES | 920 | - | 920 | 917 |
| | 27,551 | - | 27,551 | 29,123 |
| TOTAL CURRENT ASSETS | 2,020,817 | 2,139,692 | 4,160,509 | 3,861,403 |
| PROPERTY AND EQUIPMENT | | | | |
| LAND, BUILDINGS AND EQUIPMENT | 4,583,543 | - | 4,583,543 | 4,651,278 |
| ACCUMULATED DEPRECIATION | (3,161,127) | - | (3,161,127) | (3,191,472) |
| NET PROPERTY AND EQUIPMENT | 1,422,416 | - | 1,422,416 | 1,459,806 |
| TOTAL ASSETS | \$ 3,443,233 | \$ 2,139,692 | \$ 5,582,925 | \$ 5,321,209 |
| CURRENT LIABILITIES | | | | |
| ACCOUNTS PAYABLE | \$ 58,329 | \$ - | \$ 58,329 | \$ 54,667 |
| CLAIMS PAYABLE | - | 151,000 | 151,000 | 122,000 |
| TOTAL CURRENT LIABILITIES | 58,329 | 151,000 | 209,329 | 176,667 |
| NONCURRENT LIABILITIES | | | | |
| ACCRUED BENEFITS | 117,890 | - | 117,890 | 113,955 |
| TOTAL LIABILITIES | 176,219 | 151,000 | 327,219 | 290,622 |
| NET POSITION | | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 1,422,416 | - | 1,422,416 | 1,459,806 |
| UNRESTRICTED | 1,844,598 | 1,988,692 | 3,833,290 | 3,570,781 |
| TOTAL NET POSITION | 3,267,014 | 1,988,692 | 5,255,706 | 5,030,587 |
| TOTAL LIABILITIES AND NET POSITION | \$ 3,443,233 | \$ 2,139,692 | \$ 5,582,925 | \$ 5,321,209 |

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | CITY SERVICES | EMPLOYEE BENEFIT | TOTALS | |
|---|------------------|---------------------|-------------------------|--------------|
| | | | MEMORANDUM ONLY 2016 | 2015 |
| OPERATING REVENUES | | | | |
| CHARGES FOR SERVICES | \$ 1,034,934 | \$ 1,190,387 | \$ 2,225,321 | \$ 2,158,144 |
| OPERATING EXPENSES | | | | |
| PERSONAL SERVICES, | | | | |
| MATERIALS AND SUPPLIES | 840,421 | 969,921 | 1,810,342 | 1,611,294 |
| DEPRECIATION | 203,211 | - | 203,211 | 192,221 |
| TOTAL OPERATING EXPENSES | 1,043,632 | 969,921 | 2,013,553 | 1,803,515 |
| OPERATING INCOME | (8,698) | 220,466 | 211,768 | 354,629 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| INTEREST INCOME | 3,394 | 655 | 4,049 | 3,704 |
| RENT AND OTHER | 9,302 | - | 9,302 | 2,949 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 12,696 | 655 | 13,351 | 6,653 |
| INCOME BEFORE TRANSFER | 3,998 | 221,121 | 225,119 | 361,282 |
| TRANSFER OUT | - | - | - | (7,983) |
| CHANGE IN NET POSITION | 3,998 | 221,121 | 225,119 | 353,299 |
| NET POSITION JANUARY 1 | 3,263,016 | 1,767,571 | 5,030,587 | 4,677,288 |
| NET POSITION DECEMBER 31 | \$ 3,267,014 | \$ 1,988,692 | \$ 5,255,706 | \$ 5,030,587 |

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | CITY SERVICES | EMPLOYEE BENEFIT | TOTALS MEMORANDUM ONLY | |
|--|------------------|---------------------|---------------------------|--------------|
| | | | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 1,032,468 | \$ 1,190,384 | \$ 2,222,852 | \$ 2,160,568 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (831,615) | (940,921) | (1,772,536) | (1,571,386) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 200,853 | 249,463 | 450,316 | 589,182 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| ACQUISITION OF CAPITAL ASSETS | (165,458) | - | (165,458) | (263,819) |
| SALE OF ASSETS | 9,302 | - | 9,302 | 2,949 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (156,156) | - | (156,156) | (260,870) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| INTEREST ON INVESTMENTS | 3,391 | 655 | 4,046 | 3,499 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 48,088 | 250,118 | 298,206 | 331,811 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | 1,938,688 | 1,889,565 | 3,828,253 | 3,496,442 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 1,986,776 | \$ 2,139,683 | \$ 4,126,459 | \$ 3,828,253 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| OPERATING INCOME (LOSS) | \$ (8,698) | \$ 220,466 | \$ 211,768 | \$ 354,629 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| DEPRECIATION | 203,211 | - | 203,211 | 192,221 |
| CHANGE IN ASSETS AND LIABILITIES | | | | |
| (INCREASE) DECREASE IN RECEIVABLES | (2,466) | (3) | (2,469) | 2,424 |
| (INCREASE) DECREASE IN INVENTORIES | 1,572 | - | 1,572 | 15,469 |
| INCREASE (DECREASE) IN PAYABLES | 3,299 | 29,000 | 32,299 | 15,228 |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | 3,935 | - | 3,935 | 9,211 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 200,853 | \$ 249,463 | \$ 450,316 | \$ 589,182 |
| SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES | | | | |
| EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE | \$ 46,850 | \$ - | \$ 46,850 | \$ 46,487 |

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|----------------------------|----------------------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 1,986,776 | \$ 1,938,688 |
| ACCOUNTS RECEIVABLE | 5,570 | 3,104 |
| ACCRUED INTEREST | 920 | 917 |
| INVENTORIES | <u>27,551</u> | <u>29,123</u> |
| TOTAL CURRENT ASSETS | <u>2,020,817</u> | <u>1,971,832</u> |
| PROPERTY AND EQUIPMENT | | |
| LAND | 50,000 | 50,000 |
| EQUIPMENT | 2,931,316 | 3,028,687 |
| STRUCTURES AND IMPROVEMENTS | 1,602,227 | 1,572,591 |
| ACCUMULATED DEPRECIATION | <u>(3,161,127)</u> | <u>(3,191,472)</u> |
| NET PROPERTY AND EQUIPMENT | <u>1,422,416</u> | <u>1,459,806</u> |
| TOTAL ASSETS | <u><u>\$ 3,443,233</u></u> | <u><u>\$ 3,431,638</u></u> |
| CURRENT LIABILITIES | | |
| ACCOUNTS PAYABLE | \$ 58,329 | \$ 54,667 |
| NONCURRENT LIABILITIES | | |
| ACCRUED SICK LEAVE AND VACATION PAY | <u>117,890</u> | <u>113,955</u> |
| TOTAL LIABILITIES | <u>176,219</u> | <u>168,622</u> |
| NET POSITION | | |
| NET INVESTMENT IN CAPITAL ASSETS | 1,422,416 | 1,459,806 |
| UNRESTRICTED | <u>1,844,598</u> | <u>1,803,210</u> |
| TOTAL NET POSITION | <u>3,267,014</u> | <u>3,263,016</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 3,443,233</u></u> | <u><u>\$ 3,431,638</u></u> |

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|----------------------------------|---------------------|---------------------|
| OPERATING REVENUES | | |
| MAINTENANCE SERVICES AND RENTALS | \$ 668,034 | \$ 715,384 |
| PURCHASING DEPARTMENT | 239,900 | 193,900 |
| COMPUTER SERVICES | <u>127,000</u> | <u>121,300</u> |
| TOTAL OPERATING REVENUES | <u>1,034,934</u> | <u>1,030,584</u> |
| OPERATING EXPENSES | | |
| MOTOR POOL SERVICES | 549,327 | 501,394 |
| PURCHASING DEPARTMENT | 186,508 | 181,002 |
| COMPUTER SUPPLIES AND TRAINING | 104,586 | 95,574 |
| DEPRECIATION | <u>203,211</u> | <u>192,221</u> |
| TOTAL OPERATING EXPENSES | <u>1,043,632</u> | <u>970,191</u> |
| OPERATING INCOME (LOSS) | <u>(8,698)</u> | <u>60,393</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| INTEREST INCOME | 3,394 | 3,187 |
| GAIN ON SALE OF ASSETS | <u>9,302</u> | <u>2,949</u> |
| TOTAL NONOPERATING REVENUES | <u>12,696</u> | <u>6,136</u> |
| INCOME BEFORE TRANSFER | 3,998 | 66,529 |
| TRANSFER OUT | <u>-</u> | <u>(7,983)</u> |
| CHANGE IN NET POSITION | 3,998 | 58,546 |
| NET POSITION JANUARY 1 | <u>3,263,016</u> | <u>3,204,470</u> |
| NET POSITION DECEMBER 31 | <u>\$ 3,267,014</u> | <u>\$ 3,263,016</u> |

CITY OF LA JUNTA, COLORADO
CITY SERVICES FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 1,032,468 | \$ 1,033,008 |
| CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES | (831,615) | (757,062) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 200,853 | 275,946 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ACQUISITION OF CAPITAL ASSETS | (165,458) | (263,819) |
| SALE OF ASSETS | 9,302 | 2,949 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | (156,156) | (260,870) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | 3,391 | 2,982 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 48,088 | 18,058 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | 1,938,688 | 1,920,630 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 1,986,776 | \$ 1,938,688 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME (LOSS) | \$ (8,698) | \$ 60,393 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| DEPRECIATION | 203,211 | 192,221 |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | (2,466) | 2,424 |
| (INCREASE) DECREASE IN INVENTORIES | 1,572 | 15,469 |
| INCREASE (DECREASE) IN ACCOUNTS PAYABLE | 3,299 | (3,772) |
| INCREASE (DECREASE) IN ACCRUED BENEFITS | 3,935 | 9,211 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 200,853 | \$ 275,946 |
| SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES | | |
| EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE | \$ 46,850 | \$ 46,487 |

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGET COMPARISON

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| MAINTENANCE SERVICES | \$ 813,600 | \$ 813,600 | \$ 668,034 | \$ (145,566) |
| PURCHASING DEPARTMENT | 236,000 | 236,000 | 239,900 | 3,900 |
| COMPUTER RENTAL | 127,000 | 127,000 | 127,000 | - |
| INTEREST | 2,000 | 2,000 | 3,394 | 1,394 |
| SALE OF ASSETS | 20,000 | 20,000 | 9,302 | (10,698) |
| TOTAL REVENUES | <u>1,198,600</u> | <u>1,198,600</u> | <u>1,047,630</u> | <u>(150,970)</u> |
| EXPENDITURES | | | | |
| MOTOR POOL SERVICES | 648,500 | 648,500 | 549,327 | 99,173 |
| PURCHASING DEPARTMENT | 198,300 | 198,300 | 186,508 | 11,792 |
| COMPUTER SUPPLIES AND TRAINING | 108,200 | 108,200 | 104,586 | 3,614 |
| DEPRECIATION | 200,000 | 200,000 | 203,211 | (3,211) |
| CAPITAL OUTLAY | 292,000 | 338,000 | 165,821 | 172,179 |
| TOTAL EXPENDITURES | <u>1,447,000</u> | <u>1,493,000</u> | <u>1,209,453</u> | <u>283,547</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (248,400) | (294,400) | (161,823) | 132,577 |
| TRANSFER OUT | - | - | - | - |
| | <u>\$ (248,400)</u> | <u>\$ (294,400)</u> | <u>(161,823)</u> | <u>\$ 132,577</u> |
| ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR CAPITALIZATION OF FIXED ASSETS | | | <u>165,821</u> | |
| CHANGE IN NET POSITION | | | 3,998 | |
| TOTAL NET POSITION JANUARY 1 | | | <u>3,263,016</u> | |
| TOTAL NET POSITION DECEMBER 31 | | | <u>\$ 3,267,014</u> | |

CITY OF LA JUNTA, COLORADO
EMPLOYEE BENEFIT CLAIM FUND
BALANCE SHEET
DECEMBER 31, 2016 AND 2015

| | 2016 | 2015 |
|------------------------------------|--------------|--------------|
| CURRENT ASSETS | | |
| CASH OR EQUIVALENTS | \$ 2,139,683 | \$ 1,889,565 |
| ACCOUNTS RECEIVABLE | 9 | 6 |
| TOTAL CURRENT ASSETS | \$ 2,139,692 | \$ 1,889,571 |
| | | |
| CURRENT LIABILITIES | | |
| CLAIMS PAYABLE | \$ 151,000 | \$ 122,000 |
| | | |
| NET POSITION | | |
| UNRESTRICTED | 1,988,692 | 1,767,571 |
| | | |
| TOTAL LIABILITIES AND NET POSITION | \$ 2,139,692 | \$ 1,889,571 |

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|----------------------------|----------------------------|
| OPERATING REVENUES | | |
| CHARGES FOR SERVICES-PREMIUMS | <u>\$ 1,190,387</u> | <u>\$ 1,127,560</u> |
| OPERATING EXPENSES | | |
| INSURANCE | 353,923 | 342,492 |
| CLAIMS | 570,941 | 454,681 |
| ADMINISTRATION | <u>45,057</u> | <u>36,151</u> |
| TOTAL OPERATING EXPENSES | <u>969,921</u> | <u>833,324</u> |
| OPERATING INCOME | 220,466 | 294,236 |
| NONOPERATING REVENUES | | |
| INTEREST | <u>655</u> | <u>517</u> |
| CHANGE IN NET POSITION | 221,121 | 294,753 |
| NET POSITION JANUARY 1 | <u>1,767,571</u> | # <u>1,472,818</u> |
| NET POSITION DECEMBER 31 | <u><u>\$ 1,988,692</u></u> | <u><u>\$ 1,767,571</u></u> |

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| CASH RECEIVED FROM CUSTOMERS | \$ 1,190,384 | \$ 1,127,560 |
| CASH PAYMENTS FOR PREMIUMS AND CLAIMS | <u>(940,921)</u> | <u>(814,324)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 249,463 | 313,236 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| INTEREST ON INVESTMENTS | <u>655</u> | <u>517</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 250,118 | 313,753 |
| CASH AND CASH EQUIVALENTS BEGINNING OF YEAR | <u>1,889,565</u> | <u>1,575,812</u> |
| CASH AND CASH EQUIVALENTS END OF YEAR | <u><u>\$ 2,139,683</u></u> | <u><u>\$ 1,889,565</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| OPERATING INCOME | \$ 220,466 | \$ 294,236 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| CHANGE IN ASSETS AND LIABILITIES | | |
| (INCREASE) DECREASE IN ACCOUNTS RECEIVABLE | (3) | - |
| INCREASE (DECREASE) IN CLAIMS PAYABLE | <u>29,000</u> | <u>19,000</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ 249,463</u></u> | <u><u>\$ 313,236</u></u> |

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGET COMPARISON

YEAR ENDED DECEMBER 31, 2016

| | BUDGET AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|----------------------------------|----------------|--------------|--------------|---|
| | ORIGINAL | FINAL | | |
| OPERATING REVENUES | | | | |
| CHARGES FOR SERVICES-PREMIUMS | \$ 1,026,000 | \$ 1,026,000 | \$ 1,190,387 | \$ 164,387 |
| OPERATING EXPENSES | | | | |
| INSURANCE | 355,000 | 355,000 | 353,923 | 1,077 |
| CLAIMS | 500,000 | 500,000 | 570,941 | (70,941) |
| ADMINISTRATION | 41,000 | 41,000 | 45,057 | (4,057) |
| TOTAL OPERATING EXPENSES | 896,000 | 896,000 | 969,921 | (73,921) |
| OPERATING INCOME(LOSS) | 130,000 | 130,000 | 220,466 | 90,466 |
| NONOPERATING REVENUES - INTEREST | 500 | 500 | 655 | 155 |
| CHANGE IN NET POSITION | 130,500 | 130,500 | 221,121 | 90,621 |
| NET POSITION JANUARY 1 | 1,767,571 | 1,767,571 | 1,767,571 | - |
| NET POSITION DECEMBER 31 | \$ 1,898,071 | \$ 1,898,071 | \$ 1,988,692 | \$ 90,621 |

SINGLE AUDIT SECTION

CITY OF LA JUNTA, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

| PROGRAM TITLE | Federal CFDA Number | Grant Number / Pass Through Number | Program Award Amount | Passed through to Subrecipients | Expenditures |
|--|---------------------------|---------------------------------------|----------------------------|---------------------------------------|----------------------------|
| U.S. DEPARTMENT OF JUSTICE | | | | | |
| Direct Programs: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2016-DJ-16-013880-01-01 | 15,390 | - | \$ 13,537 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2015-DJ-15-008682-01-01 | 11,135 | - | 11,135 |
| Total U.S. Department of Justice | | | | | <u>24,672</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | |
| Direct Programs: | | | | | |
| National Infrastructure Investments Program | 20.933 | FR-TII-0040-17-01-00 | 15,210,143 | - | <u>8,030,953</u> |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | |
| Passed Through Colorado Water Resources and Power Development Authority: | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | W16Y066 - 2015 Grant | 204,992 | - | 186,887 |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | W15A066 - 2014 Grant | 11,123,638 | - | 459,322 |
| Total U.S. Environmental Protection Agency | | | | | <u>646,209</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | | <u><u>\$ 8,701,834</u></u> |

CITY OF LA JUNTA, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

NOTE -1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of La Junta, Colorado under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the City of La Junta, Colorado, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of La Junta, Colorado.

NOTE -2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE -3 INDIRECT COST RATES

The City of La Junta, Colorado has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

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

To the City Council
City of La Junta, 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 and each major fund of the City of La Junta, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of La Junta, Colorado's basic financial statements and have issued our report thereon dated May 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of La Junta, Colorado'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 La Junta, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of La Junta, Colorado'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.

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 La Junta, Colorado'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 results 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.



Hancock Froese & Company LLC

Rocky Ford, Colorado
May 17, 2017

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

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

To the City Council
City of La Junta, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of La Junta, Colorado'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 La Junta, Colorado's major federal programs for the year ended December 31, 2016. City of La Junta, Colorado's major federal programs are identified in the summary of auditor's 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 La Junta, Colorado'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 La Junta, Colorado'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 La Junta, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of La Junta, Colorado, 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 La Junta, Colorado, 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 La Junta, Colorado'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 La Junta, Colorado'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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hancock Froese & Company LLC

Hancock Froese & Company LLC

Rocky Ford, Colorado

May 17, 2017

CITY OF LA JUNTA, COLORADO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results

A. Financial Statements

- Type of auditors' report issued: Unmodified
- Internal control over financial reporting as reported in the 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:
 - Are any material weaknesses identified? ___ Yes X No
 - Are any significant deficiencies identified? ___ Yes X No
 - Is any noncompliance material to financial statements noted? ___ Yes X No

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE:
 - Are any material weaknesses identified? ___ Yes X No
 - Any significant deficiencies identified? ___ Yes X No
- Type of auditors' report issued on compliance for major program: Unmodified
- Are there any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes X No
- Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster | Grant Number | Expenditures |
|------------------------|---|----------------------|---------------------|
| 20.933 | National Infrastructure Investments | FR-TII-0040-17-01-00 | \$ 8,030,953 |

- Dollar threshold used to distinguish between type A and B programs: \$ 750,000
- Auditee qualified as low-risk auditee? ___ Yes X No

II. Financial Statement Findings

A. Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

A. Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

IV. Prior Year Findings

A. There were no findings in the prior year that were required to be reported.

LOCAL HIGHWAY FINANCE REPORT

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

| | |
|-------------------------------------|-----------------------------|
| LOCAL HIGHWAY FINANCE REPORT | City or County: La Junta |
| | YEAR ENDING : Dec-16 |

This Information From The Records Of (example - City of _ or County of _):
City of La Junta

Prepared By: Darren Adame
Phone: 719-384-5991

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|-----------|---|-----------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 0 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 303,603 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 45,572 |
| 2. General fund appropriations | 694,071 | b. Snow and ice removal | 11,379 |
| 3. Other local imposts (from page 2) | 91,161 | c. Other | 205,718 |
| 4. Miscellaneous local receipts (from page 2) | 0 | d. Total (a. through c.) | 262,669 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 74,753 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 393,866 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 1,034,890 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | |
| 7. Total (1 through 6) | 785,232 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 249,658 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 1,034,890 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,034,890 |

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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 1,034,890 | 1,034,890 | | 0 |

Notes and Comments:

| | |
|-------------------------------------|--------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
| | YEAR ENDING (mm/yy): Dec-16 |

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | |
| 1. Sales Taxes | | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Other | 91,161 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 91,161 | h. Other | |
| c. Total (a. + b.) | 91,161 | i. Total (a. through h.) | 0 |
| | (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 | 224,990 | 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 | 24,668 | d. Federal Transit Admin | |
| d. Other (DOLA) | - | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 24,668 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 249,658 | 3. Total (1. + 2.g) | 0 |
| | | | (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 | | | 0 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 0 | 0 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 0 | 0 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 0 | 0 |
| | | | (Carry forward to page 1) |

Notes and Comments: