

cPa DIXON, WALLER & CO., INC.

CITY OF TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016



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DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
December 31, 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Trinidad
Trinidad, CO 81082

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinidad, 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. 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, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension data on pages i through viii, 48 through 50 and 51 through 57 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 Trinidad's basic financial statements. The combining and individual fund financial statements, schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, schedules and other schedules 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, schedules and other schedules are fairly stated, in all material respect, in relation to the basic financial statements as a whole.


Trinidad, Colorado
June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Trinidad's (the City) financial performance provides an annual overview of the City's financial activities for the fiscal year ended December 31, 2016.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2016 by \$66,897,291 (Net Position). Of this amount, \$15,945,805 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2016, the City's Governmental Funds reported combined ending fund balances of \$11,489,679. Approximately 56% of this total amount or \$6,405,286 is unassigned.
- The General Fund, presented on a current financial resources basis, reports a Fund Balance of \$7,399,865 at the end of the current fiscal year, or (79%) of total General Fund expenditures.
- The City's total bond, capital lease and note debt was \$1,481,522 at the close of 2016.
- The City implemented GASB 68 in 2015 which reports the employer/employee net pension asset and net pension liability in the City's financial statements. Under GASB 68, the City's net pension position of its policemen and firemen plan is held by both a Cost Sharing Multiple-Employer Defined Benefit Pension Plan and an Agent Multiple-Employer Defined Benefit Plan. For 2016 the City reported a net pension asset of \$142,398 and a net pension liability of \$717,809.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains certain other supplementary information.

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.

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

The *statement of activities* presents information showing how the City's Net Position changed during 2016. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements distinguish *governmental activities* that are functions of the City principally supported by taxes and intergovernmental revenues and payments in-lieu of taxes, from *business-type activities* which are other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Expenditures for *governmental activities* of the City are categorized generally as general government, public safety, public works, culture and recreation, economic development, tourism and capital projects. Taxes, intergovernmental revenues, and payments-in-lieu of taxes finance most of these activities.

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity system. User fees and charges finance most of these activities.

The City does not have any component units.

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its funds and a budgetary comparison has been provided to demonstrate compliance with the budget.

Proprietary funds – The City maintains one type of proprietary fund; *Enterprise funds* used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses three enterprise funds to account for its Electric, Gas, Water, and Wastewater Utility operations. The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail.

Notes to the financial statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found later in this report. In addition, combining and individual fund statements and schedules as well as statistical and other information can be found later in this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets exceeded liabilities by \$66,897,291 at the close of 2016 as compared to \$60,582,233 at the close of 2015.

The largest portion of the City's Net Position (70%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects a condensed Statement of Net Position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current & Other Assets	\$ 10,616,585	\$ 13,463,474	\$ 14,911,528	\$ 16,260,949	\$ 25,528,113	\$ 29,724,423
Capital Assets	22,728,017	26,158,904	22,756,711	21,924,631	45,484,728	48,083,535
Total Assets	33,344,602	39,622,378	37,668,239	38,185,580	71,012,841	77,807,958
Deferred Outflows	196,399	465,397	179,248	-	375,647	465,397
Long-term Liabilities	5,097,439	5,518,217	1,657,909	1,198,371	6,755,348	6,716,588
Other Liabilities	944,048	823,461	1,898,129	1,991,847	2,842,177	2,815,308
Total Liabilities	6,041,487	6,341,678	3,556,038	3,190,218	9,597,525	9,531,896
Deferred Inflows	1,208,730	1,203,634	-	640,534	1,208,730	1,844,168
Net Position:						
Invested in Capital Assets, net of related debt	22,547,493	25,596,034	21,421,461	21,005,979	43,968,954	46,602,013
Restricted	3,630,765	4,349,473	365,355	-	3,996,120	4,349,473
Unrestricted	112,526	2,596,956	12,504,633	13,348,849	12,617,159	15,945,805
Total Net Position	\$ 26,290,784	\$ 32,542,463	\$ 34,291,449	\$ 34,354,828	\$ 60,582,233	\$ 66,897,291

The City's combined Net Position was \$66,897,291 at December 31, 2016 of which \$15,945,805 was unrestricted. However, a certain amount of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The Net Position of our business-type activities was \$34,354,828 at December 31, 2016. The Net Position is used to finance the continuing operations of the utilities.

The following table shows revenues and expenses (Changes in Net Position) for both governmental and business-type activities.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 773,596	\$ 1,012,678	\$ 15,486,863	\$ 15,698,610	\$ 16,260,459	\$ 16,711,288
Operating Capital Grants & Contributions	1,624,286	1,972,000	512,999	338,835	2,137,285	2,310,835
General Revenues:						
Property Taxes	1,135,959	1,137,238			1,135,959	1,137,238
Other Taxes	6,999,871	8,725,560			6,999,871	8,725,560
Intergovernmental Restricted	397,407	401,985			397,407	401,985
Intergovernmental not Restricted	468,613	158,593			468,613	158,593
Other Revenues	534,177	2,627,898			534,177	2,627,898
Lawsuit Settlement						
Investment Earnings	20,320	23,885	72,900	64,872	93,220	88,757
Total Revenues	11,954,229	16,059,837	16,072,762	16,102,317	28,026,991	32,162,154
Expenses:						
General Government	2,857,935	3,440,062	-	-	2,857,935	3,440,062
Public Safety	3,818,574	3,462,273	-	-	3,818,574	3,462,273
Public Works	2,593,138	2,665,777	-	-	2,593,138	2,665,777
Parks, Culture and Recreation	1,874,891	881,634	-	-	1,874,891	881,634
Community Projects	528,809	-	-	-	528,809	-
Interest on Long-term Debt	-	8,546	-	-	-	8,546
Pension Cost	-	(42,266)	-	-	-	(42,266)
Business-type	-	-	13,875,257	15,431,070	13,875,257	15,431,070
Total Expenses	11,673,347	10,416,026	13,875,257	15,431,070	25,548,604	25,847,096
Increase in Net Position before Transfers	280,882	5,643,811	2,197,505	671,247	2,478,387	6,315,058
Transfers	1,294,800	607,868	(1,294,800)	(607,868)	-	-
Increase in Net Position	1,575,682	6,251,679	902,705	63,379	2,478,387	6,315,058
Prior Period Adjustment (a)	-	-	-	-	-	-
Net Position - January 1 (a)	24,715,102	26,290,784	33,388,744	34,291,449	58,103,846	60,582,233
Net Position - December 31	\$ 26,290,784	\$ 32,542,463	\$ 34,291,449	\$ 34,354,828	\$ 60,582,233	\$ 66,897,291

Total City revenue was \$32.16 million and the total cost of all programs and services was \$25.85 million.

Governmental Activities. Revenues for governmental activities increased in 2016 to \$16.06 million, an increase of \$4.11 million from 2015 and expenses decreased to \$10.42 million or \$1.26 million less than 2015.

Business-type Activities. Operating revenues for business-type activities increased in 2016 to \$15.7 million, an increase of \$0.21 million from 2015 and expenses increased to \$15.43 million or \$1.56 million greater than 2015.

Financial Analysis of the Government Funds

As noted, earlier, the City used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the *Governmental Funds* is to provide information on near term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2016, the City's Governmental Funds reported total combined fund balances of \$11,489,679, of which approximately 38% (\$4,349,433) is restricted for Tabor Emergency Reserve, Long-Term Agreements, Landfill, Parks and Recreation, and Capital Projects. Of the reserve fund balance, 2.2% is assigned to Tourism Promotion and the Library.

The General Fund is the chief operating fund of the City. At the end of 2016, the unassigned fund balance of the General Fund was \$6,405,286 while total fund balance was \$7,399,865. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 69% of total General Fund expenditures, while total fund balance represents 79% of that same amount.

The fund balance of the City's General Fund increased by \$2,449,914 in 2016. The increase was due primarily to increases in sales and use tax, marijuana tax, and the sale of land. Due to a major hailstorm in June 2016, building permits and landfill fees increased significantly as well.

Proprietary Funds - The City's Proprietary Funds provide the same type of information found in the Government-wide financial statements, but in more detail. Unrestricted Net Position as of December 31, 2016 for the Proprietary Funds was as follows:

	Unrestricted Net Position		
	2015	2016	Variance
Gas Utilities	\$ 4,580,629	\$ 4,701,801	\$ 121,172
Electric Utilities	2,771,488	2,358,559	(412,929)
Water & Sewer Utilities	5,517,871	6,288,489	770,618
Total	<u>\$ 12,869,988</u>	<u>\$ 13,348,849</u>	<u>\$ 478,861</u>

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

Original appropriation ordinance totaled \$29,681,559, a decrease of \$9,923,041 over 2015. During the year the budget was amended by \$3,617,919 increasing the appropriation to \$33,299,478. General Fund Revenue totals were \$117,924 under the amended and approved 2016 budget. Expenditures for General Fund were \$1,673,574 under the amended and approved 2016 budget.

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the City had \$48,083,534 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$2.6 million from 2015. \$3.7 million or 8% of the total amount of the net capital assets represents the retroactive recording of infrastructure assets capitalized from 1980 to 2002.

	Capital Assets Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land, Equity, Water Rights	\$ 807,562	\$ 943,766	\$ 2,114,772	\$ 2,086,200	\$ 2,922,334	\$ 3,029,966
Infrastructure	15,531,482	16,808,307	-	-	15,531,482	16,808,307
Buildings & Systems	5,346,002	6,144,626	20,286,081	19,503,717	25,632,083	25,648,343
Construction in Progress	114,212	775,312	-	7,844	114,212	783,156
Equipment & Vehicles	928,759	1,486,893	355,859	326,869	1,284,618	1,813,762
Total Net Capital Assets	\$ 22,728,017	\$ 26,158,904	\$ 22,756,712	\$ 21,924,630	\$ 45,484,729	\$ 48,083,534

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

The following schedule reflects the debt outstanding at the end of the 2016 year.

	Outstanding Debt at Year End					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Note Payable	\$ 149,000	\$ 100,000	\$ -	\$ -	\$ 149,000	\$ 100,000
Landfill Closure/Postclosure	3,410,124	3,462,982	-	-	3,410,124	3,462,982
Lease Purchases	31,524	462,870	-	-	31,524	462,870
Compensated Absences	918,761	935,543	739,257	723,022	1,658,018	1,658,565
Revenue Bonds	-	-	1,335,250	918,652	1,335,250	918,652
Total Debt	\$ 4,509,409	\$ 4,961,395	\$ 2,074,507	\$ 1,641,674	\$ 6,583,916	\$ 6,603,069

Net increase in debt for 2016 was \$19,153. Debt due within one year is \$604,290. Additional information on the City's debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

Local Economy – The City of Trinidad is the major gateway into Colorado from the south Interstate 25 corridor. Trinidad is the major city and major shopping destination within the county as Trinidad services the surrounding area for their health care, education, arts and entertainment and retail activities. Trinidad State Junior College has facilities located within the City providing excellent higher education opportunities.

Retail sales tax revenue, a key indicator of the area consumer spending is the primary source of income for the City. Trinidad's sales tax is generated from a variety of business categories including auto sales, tourism, grocery stores, repair shops and other various retail outlets. The City recorded a 27% increase in sales tax revenue for 2016 as compared to 2015. The sales tax increase was due to a marked increase of economic activity centered around retail marijuana sales as well as lodging tax and activity in the City's tourism sector. We expect sales tax revenue to continue to increase in 2017.

The decline of methane gas drilling in the county is continuing to have a negative impact on the local economy as many of the gas industry employees residing in the City have been transferred out of the state to retain employment. The economy continues to be challenged by the loss of jobs due to the shutdown of the New Elk coal mine. As a result, severance tax revenue will continue to significantly decline next year and in the years that follow.

Fiscal year 2017 Budget

In October of 2016, the City adopted the 2017 annual operating budget, which provided \$38,951,291 in appropriations. This budget anticipated an increase in sales tax and decreases in mineral leases and severance tax. General Fund operating expenditures were budgeted \$1.32 million below amended and approved 2016 budgeted amounts, and it is expected the City will end the budget year with operational savings of 4 – 6 % in addition to the planned budget reduction. Major capital expenditures are planned for utilities and road infrastructure and Space to Create which will lead to an increase in one time spending due to the investment in infrastructure.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and other interested parties with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Trinidad, Finance Director, PO Box 880, Trinidad, CO 81082.

BASIC FINANCIAL STATEMENTS

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	9,551,489	10,768,477	20,319,966
Receivables (Net, where Applicable, of Allowance for Uncollectibles):			
Accounts, Grants & Notes	1,343,343	1,396,012	2,739,355
Assessments and Contracts	-	-	-
Sales & Use Taxes	1,273,484	-	1,273,484
Accrued Interest	-	-	-
Property Taxes	1,177,469	-	1,177,469
Due To/From Other Funds	(47,600)	47,600	-
Inventories	22,891	805,327	828,218
Prepaid Expenses	-	-	-
Restricted Assets:			
Cash	-	3,243,533	3,243,533
Fixed Assets (Net)	26,158,904	21,924,631	48,083,535
Net Pension Asset	142,398	-	142,398
<u>Total Assets</u>	<u>39,622,378</u>	<u>38,185,580</u>	<u>77,807,958</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Pension – Plan Level	304,412	-	304,412
Pension – Payments Subsequent to Measurement Date	160,985	-	160,985
Purchased Natural Gas Adjustment	-	-	-
<u>Total Deferred Outflows</u>	<u>465,397</u>	<u>-</u>	<u>465,397</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	8,546	20,823	29,369
Accounts Payable	243,765	992,076	1,235,841
Accrued Wages & Benefits Payable	186,668	197,429	384,097
Other Liabilities	223,495	16,713	240,208
Liabilities Payable from Restricted Assets:			
Meter Deposits Payable	-	321,503	321,503
Noncurrent Liabilities:			
Due Within One Year	160,987	443,303	604,290
Due in More than One Year	401,883	475,349	877,232
Landfill Closure and Post-Closure Cost	3,462,982	-	3,462,982
Accrued Vacation & Sick Leave Payable	935,543	723,022	1,658,565
Net Pension Liability	717,809	-	717,809
<u>Total Liabilities</u>	<u>6,341,678</u>	<u>3,190,218</u>	<u>9,531,896</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Property Tax	1,177,469	-	1,177,469
Pension – Plan Level	3,056	-	3,056
Pension – Proportion Changes	23,109	-	23,109
Purchased Natural Gas Adjustment	-	640,534	640,534
<u>Total Deferred Inflows</u>	<u>1,203,634</u>	<u>640,534</u>	<u>1,844,168</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	25,596,034	21,005,979	46,602,013
Restricted for:			
Capital Projects	3,665,161	-	3,665,161
Debt Service	-	369,265	369,265
Parks and Recreation	88,826	-	88,826
Landfill	126,703	-	126,703
Labor Emergencies	368,783	-	368,783
Labor Long-Term Contracts	100,000	-	100,000
Unrestricted	2,596,956	12,979,584	15,576,540
<u>Total Net Position</u>	<u>32,542,463</u>	<u>34,354,828</u>	<u>66,897,291</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	3,440,062	-	-	-	(3,440,062)	-	(3,440,062)
Public Safety	3,311,282	351,393	-	-	(2,959,889)	-	(2,959,889)
Public Works	2,665,777	604,856	-	-	(2,060,921)	-	(2,060,921)
Parks, Culture & Recreation	881,634	56,429	-	-	(825,205)	-	(825,205)
Community Projects	-	-	-	1,972,000	1,972,000	-	1,972,000
Interest on Long Term Debt	8,546	-	-	-	(8,546)	-	(8,546)
Pension Cost	108,725	-	-	-	(108,725)	-	(108,725)
Total Governmental Activities	10,416,026	1,012,678	-	1,972,000	(7,431,348)	-	(7,431,348)
Business Type Activities							
Gas	3,731,982	4,137,397	-	-	-	405,415	405,415
Power & Light	7,593,934	7,559,220	-	-	-	(34,714)	(34,714)
Water & Sewer	4,105,154	4,001,993	-	338,835	-	235,674	235,674
Total Business Type Activities	15,431,070	15,698,610	-	338,835	-	606,375	606,375
Total Primary Government	25,847,096	16,711,288	-	2,310,835	(7,431,348)	606,375	(6,824,973)
General Revenues:							
					1,137,238	-	1,137,238
					223,714	-	223,714
					8,405,212	-	8,405,212
					96,634	-	96,634
					431,340	-	431,340
					401,985	-	401,985
					158,593	-	158,593
					457,379	-	457,379
					23,885	64,872	88,757
					1,739,179	-	1,739,179
					607,868	(607,868)	-
					13,683,027	(542,996)	13,140,031
Change in Net Position					6,251,679	63,379	6,315,058
Net Position – Beginning					26,290,784	34,291,449	60,582,233
Net Position – Ending					32,542,463	34,354,828	66,897,291

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>				
Cash	6,630,651	2,638,990	281,848	9,551,489
Receivables (Net, of Allowance Where Applicable)				
Property Taxes	1,177,429	-	-	1,177,429
Accounts, Grants, Notes	338,733	1,004,610	-	1,343,343
Accrued Interest	-	-	-	-
Sales & Use Taxes	967,630	248,230	57,624	1,273,484
Due From Other Funds	-	-	-	-
Inventories at Cost	<u>22,891</u>	-	-	<u>22,891</u>
Total Assets	<u>9,137,334</u>	<u>3,891,830</u>	<u>339,472</u>	<u>13,368,636</u>
<u>LIABILITIES</u>				
Accounts Payable	162,142	68,165	13,458	243,765
Accrued Salaries & Benefits	185,307	-	1,361	186,668
Due To Other Funds	47,600	-	-	47,600
Other Payables	112,729	-	-	112,729
Unearned Revenue:				
Grants	52,262	58,504	-	110,766
Other	-	-	-	-
Total Liabilities	<u>560,040</u>	<u>126,669</u>	<u>14,819</u>	<u>701,528</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	1,177,429	-	-	1,177,429
<u>FUND BALANCES:</u>				
Nonspendable:				
Inventories	22,891	-	-	22,891
Prepaid Expense	-	-	-	-
Restricted:				
Emergencies	368,783	-	-	368,783
Long-Term Agreements	-	100,000	-	100,000
Capital Outlay	-	3,665,161	-	3,665,161
Parks and Recreation	-	-	88,826	88,826
Landfill	126,703	-	-	126,703
Committed:				
Library	18,823	-	-	18,823
Insured Repairs	457,379	-	-	457,379
Assigned:				
Tourism Promotion	-	-	235,827	235,827
Unassigned:	<u>6,405,286</u>	-	-	<u>6,405,286</u>
Total Fund Balances	<u>7,399,865</u>	<u>3,765,161</u>	<u>324,653</u>	<u>11,489,679</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>9,137,334</u>	<u>3,891,830</u>	<u>339,472</u>	<u>13,368,636</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2016

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

<u>Total Fund Balance – Governmental Funds</u>		11,489,679
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$54,325,170 and the accumulated depreciation is \$28,166,266.		26,158,904
Long-term liabilities, including leases, landfill closure and post-closure costs and net pension obligation are not due and payable in the current period and therefore are not reported in funds.		
Leases Payable	462,870	
Landfill Closure and Post-Closure Costs	3,462,982	
Note Payable	100,000	
Accrued Interest Payable	<u>8,546</u>	(4,034,398)
Compensated absences are not reported as a liability in the funds.		(935,543)
Pension assets, liabilities and deferred flows are not recorded at the fund level:		
Net Pension Asset	142,398	
Net Pension Liability	(717,809)	
Deferred Outflows	465,397	
Deferred Inflows	<u>(26,165)</u>	<u>(136,179)</u>
<u>Total Net Position – Governmental Activities</u>		<u>32,542,463</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	8,038,347	1,549,240	275,211	9,862,798
Licenses and Permits	431,390	-	-	431,390
Intergovernmental Revenues	469,921	1,822,000	90,657	2,382,578
Charges for Services	1,012,678	-	-	1,012,678
Fines and Forfeits	29,109	-	-	29,109
Miscellaneous Revenues	335,572	529,288	6,875	871,735
<u>Total Revenues</u>	<u>10,317,017</u>	<u>3,900,528</u>	<u>372,743</u>	<u>14,590,288</u>
EXPENDITURES:				
General Government	3,213,727	-	229,905	3,443,632
Public Safety	3,321,312	-	-	3,321,312
Public Works	1,631,187	-	-	1,631,187
Park and Recreation	499,764	-	35,988	535,752
Capital Outlay/Capital Projects	651,400	4,218,234	-	4,869,634
<u>Total Expenditures</u>	<u>9,317,390</u>	<u>4,218,234</u>	<u>265,893</u>	<u>13,801,517</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>999,627</u>	<u>(317,706)</u>	<u>106,850</u>	<u>788,771</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,125,400	1,000,000	-	2,125,400
Transfers Out	(1,517,532)	-	-	(1,517,532)
Insurance Proceeds	457,379	-	-	457,379
Proceeds of Lease	462,870	-	-	462,870
Sale of Capital Assets	922,170	-	-	922,170
<u>Total Other Financing Sources (Uses)</u>	<u>1,450,287</u>	<u>1,000,000</u>	<u>-</u>	<u>2,450,287</u>
NET CHANGE IN FUND BALANCES	2,449,914	682,294	106,850	3,239,058
FUND BALANCES – Beginning	<u>4,949,951</u>	<u>3,082,867</u>	<u>217,803</u>	<u>8,250,621</u>
FUND BALANCES - Ending	<u>7,399,865</u>	<u>3,765,161</u>	<u>324,653</u>	<u>11,489,679</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT 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 Balances – Total Governmental Funds 3,239,058

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation and capital outlay in the current period.

Capital outlays more than \$5,000	4,993,454	
Proceeds from sale of assets	(922,170)	
Gain or loss on disposition	252,241	
Value of donated property	750,000	
Depreciation expense	<u>(1,642,638)</u>	3,430,887

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of issuance cost and premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Lease proceeds	(462,870)	
Repayment of debt principal	80,524	
Interest expense	<u>(8,546)</u>	(390,892)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. (16,782)

In the statement of activities landfill closure costs are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, landfill closure cost increased by this amount. (52,858)

In the statement of activities net pension liabilities are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, changes to net pension amounts and the related deferred flows created this difference from the fund financial statements: 42,266

Change in Net Position of Governmental Activities 6,251,679

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business Type Activities			Totals
	Enterprise Funds			
	<u>Gas Fund</u>	<u>Power Fund</u>	<u>Water & Sewer Fund</u>	
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash	5,278,711	1,910,070	3,579,696	10,768,477
Receivables:				
Accounts	377,333	641,805	376,874	1,396,012
Grants	-	-	-	-
Interest	-	-	-	-
Inventories	63,695	479,604	262,028	805,327
Due From Other Funds	10,000	16,600	21,000	47,600
Prepaid Expenses	-	-	-	-
<u>Total Current Assets</u>	<u>5,729,739</u>	<u>3,048,079</u>	<u>4,239,598</u>	<u>13,017,416</u>
<u>Non Current Assets</u>				
<u>Restricted</u>				
Cash	306,586	425,729	2,511,218	3,243,533
Due From Other Funds	-	-	-	-
<u>Total Restricted Assets</u>	<u>306,586</u>	<u>425,729</u>	<u>2,511,218</u>	<u>3,243,533</u>
<u>Property, Plant and Equipment</u>				
Equity ARPA	-	485,716	-	485,716
Land and Water Rights	9,412	21,047	1,570,025	1,600,484
Buildings & Improvements	936,788	4,748,159	14,010,204	19,695,151
Utility System	1,245,561	1,148,688	21,904,119	24,298,368
Equipment	610,250	1,168,484	1,627,410	3,406,144
Construction in Progress	-	-	7,844	7,844
Less Accumulated Depreciation	(2,142,875)	(6,579,943)	(18,846,258)	(27,569,076)
<u>Net Property, Plant & Equipment</u>	<u>659,136</u>	<u>992,151</u>	<u>20,273,344</u>	<u>21,924,631</u>
<u>TOTAL ASSETS</u>	<u>6,695,461</u>	<u>4,465,959</u>	<u>27,024,160</u>	<u>38,185,580</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Purchased Natural Gas Adjustment	-	-	-	-

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business Type Activities			Total
	Enterprise Funds			
	<u>Gas</u> <u>Fund</u>	<u>Power</u> <u>Fund</u>	<u>Water & Sewer</u> <u>Fund</u>	
LIABILITIES				
<u>Current Liabilities</u>				
Accounts Payable	334,353	568,672	89,051	992,076
Accrued Interest Payable	-	-	-	-
Accrued Wages & Benefits Payable	28,473	50,565	118,391	197,429
Purchased Natural Gas Adjustment	-	-	-	-
Unearned Revenue	-	16,713	-	16,713
Due To Other Funds	-	-	-	-
Note Payable - Current	-	-	443,303	443,303
Lease Payable	-	-	-	-
<u>Total Current Liabilities</u>	<u>362,826</u>	<u>635,950</u>	<u>650,745</u>	<u>1,649,521</u>
<u>Current Liabilities Payable from</u>				
<u>Restricted Assets</u>				
Meter Deposits Payable	168,845	124,493	28,165	321,503
Interest Payable	-	-	20,823	20,823
Due To Other Funds	-	-	-	-
<u>Total Restricted Liabilities</u>	<u>168,845</u>	<u>124,493</u>	<u>48,988</u>	<u>342,326</u>
<u>Noncurrent Liabilities</u>				
Accrued Vacation & Sick				
Leave Payable	162,319	354,806	205,897	723,022
Note Payable	-	-	475,349	475,349
<u>Total Long-Term Liabilities</u>	<u>162,319</u>	<u>354,806</u>	<u>681,246</u>	<u>1,198,371</u>
<u>TOTAL LIABILITIES</u>	<u>693,990</u>	<u>1,115,249</u>	<u>1,380,979</u>	<u>3,190,218</u>
<u>DEFERRED INFLOW OF</u>				
<u>RESOURCES</u>				
Purchased Natural Gas Adjustment	<u>640,534</u>	-	-	<u>640,534</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	659,136	992,151	19,354,692	21,005,979
Restricted for Debt Service	-	-	369,265	369,265
Unrestricted	<u>4,701,801</u>	<u>2,358,559</u>	<u>5,919,224</u>	<u>12,979,584</u>
<u>TOTAL NET POSITION</u>	<u>5,360,937</u>	<u>3,350,710</u>	<u>25,643,181</u>	<u>34,354,828</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business Type Activities			Total
	Enterprise Funds			
	<u>Gas</u> <u>Fund</u>	<u>Power</u> <u>Fund</u>	<u>Water & Sewer</u> <u>Fund</u>	
<u>Operating Revenues</u>				
Charges for Utility Sales	4,090,942	7,443,099	3,736,371	15,270,412
Other	<u>46,455</u>	<u>116,121</u>	<u>265,622</u>	<u>428,198</u>
<u>Total Operating Revenues</u>	<u>4,137,397</u>	<u>7,559,220</u>	<u>4,001,993</u>	<u>15,698,610</u>
<u>Operating Expenses</u>				
Personal Services	910,235	1,504,942	1,725,025	4,140,202
Purchased Services	56,721	31,237	195,915	283,873
Supplies and Materials	15,586	26,803	135,179	177,568
Power & Utilities	2,447,233	5,585,426	414,441	8,447,100
Maintenance and Repair	103,884	121,461	596,479	821,824
Depreciation/Amortization	43,352	84,223	736,963	864,538
Bad Debts	56,644	93,747	38,320	188,711
Other	<u>98,327</u>	<u>146,095</u>	<u>197,488</u>	<u>441,910</u>
<u>Total Operating Expenses</u>	<u>3,731,982</u>	<u>7,593,934</u>	<u>4,039,810</u>	<u>15,365,726</u>
<u>Operating Income (Loss)</u>	<u>405,415</u>	<u>(34,714)</u>	<u>(37,817)</u>	<u>332,884</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grants	-	-	338,835	338,835
Interest Revenue	13,805	12,562	38,505	64,872
Interest Expense	<u>-</u>	<u>-</u>	<u>(65,344)</u>	<u>(65,344)</u>
<u>Total Non-Operating Revenues Expenses</u>	<u>13,805</u>	<u>12,562</u>	<u>311,996</u>	<u>338,363</u>
<u>INCOME (LOSS) BEFORE</u> <u>OPERATING TRANSFERS</u>	<u>419,220</u>	<u>(22,152)</u>	<u>274,179</u>	<u>671,247</u>
Operating Transfers In(Out)(Net)	<u>(341,400)</u>	<u>(475,000)</u>	<u>208,532</u>	<u>(607,868)</u>
<u>Change in Net Position</u>	77,820	(497,152)	482,711	63,379
<u>TOTAL NET POSITION, Beginning</u>	<u>5,283,117</u>	<u>3,847,862</u>	<u>25,160,470</u>	<u>34,291,449</u>
<u>TOTAL NET POSITION, Ending</u>	<u>5,360,937</u>	<u>3,350,710</u>	<u>25,643,181</u>	<u>34,354,828</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business Type Activities			Total
	Enterprise Funds			
	Gas Fund	Power Fund	Water & Sewer Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers & Users	4,196,333	7,471,133	3,903,951	15,571,417
Payments to Employees & Benefit Providers	(883,811)	(1,462,483)	(1,694,905)	(4,041,199)
Payments to Vendors – Supplies and Services	(1,899,195)	(5,917,144)	(1,630,151)	(9,446,490)
<u>NET CASH PROVIDED BY OPERATIONS</u>	<u>1,413,327</u>	<u>91,506</u>	<u>578,895</u>	<u>2,083,728</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Transfers – Other Funds	(341,400)	(475,000)	208,532	(607,868)
Customer Deposits	8,150	6,846	5,040	20,036
Due To/From Other Funds	983,560	(16,600)	(1,014,560)	(47,600)
<u>NET CASH PROVIDED (USED) – NON CAPITAL FINANCING</u>	<u>650,310</u>	<u>(484,754)</u>	<u>(800,988)</u>	<u>(635,432)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Non-Financed Purchase of Property & Equipment	-	-	(32,457)	(32,457)
Disposition of Equipment	-	-	-	-
Grant Revenues	-	-	900,218	900,218
Interest Paid on Debt	-	-	(76,321)	(76,321)
Principal Paid on Debt	-	-	(416,598)	(416,598)
<u>NET CASH PROVIDED (USED) – CAPITAL FINANCING</u>	<u>-</u>	<u>-</u>	<u>374,842</u>	<u>374,842</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Received	13,805	12,562	38,505	64,872
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>2,077,442</u>	<u>(380,686)</u>	<u>191,254</u>	<u>1,888,010</u>
<u>CASH AND CASH EQUIVALENTS – Beginning</u>	<u>3,507,855</u>	<u>2,716,485</u>	<u>5,899,660</u>	<u>12,124,000</u>
<u>CASH AND CASH EQUIVALENTS – Ending</u>	<u>5,585,297</u>	<u>2,335,799</u>	<u>6,090,914</u>	<u>14,012,010</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS</u>				
Operating Income (Loss)	405,415	(34,714)	(37,817)	332,884
Non Cash Items in Operations:				
Amortization/Depreciation Expense	43,352	84,223	736,963	864,538
Bad Debts	56,644	93,747	38,320	188,711
(Increase) Decrease in Inventory	28,610	(44,285)	(21,038)	(36,713)
(Increase) Decrease Receivables/Accruals	58,936	(88,087)	(98,042)	(127,193)
(Increase) Decrease Prepaid Expense	-	-	-	-
Increase (Decrease) in Payables/Accruals	588	80,622	(39,491)	41,719
Change in Purchased Natural Gas Adjustment	819,782	-	-	819,782
<u>NET CASH PROVIDED (USED) BY OPERATIONS</u>	<u>1,413,327</u>	<u>91,506</u>	<u>578,895</u>	<u>2,083,728</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Trinidad (the City) was incorporated in 1876, under the provision of the State of Colorado, Council Bill No. 98. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The reporting entity, for financial purposes, is defined as the primary government (the City of Trinidad) and its component units. The City has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the City of Trinidad conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary 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 the City's legally separate *component units* for which the city is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are 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. 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The *capital project fund* accounts for the use revenues from a 1% sales tax earmarked for capital improvement projects.

The City reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the City's water distribution and treatment system and sewage disposal and treatment system.

The *gas fund* accounts for the activities of the City's gas distribution system.

The *power fund* accounts for the City's electrical generation and distribution system.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City applies the provisions of standards originally issued as FASB No. 71, *Accounting for the Effects of Certain Types of Regulation* in the Gas Fund. In accordance with those standards, regulatory assets and liabilities are recorded in the balance sheets. Regulatory assets are the deferral of costs expected to be recovered in future customer rates and regulatory liabilities represent current recovery of expected future costs. If the City was required to terminate the application of this standard, it would have to record the amounts of all regulatory assets and liabilities in the statements of revenues, expenses, and changes in net position.

Ordinances require the City to adjust customers' gas bills for changes between estimated and actual costs of gas purchased. An under-recovery of \$640,534 for purchased natural gas adjustment was recorded at December 31, 2016.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (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. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Parks, Recreational and Other	20-30
Streets and Improvements	25-40
Vehicles	5-20
Equipment	3-10

E. Budgets and Budgetary Accounting

The City has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Revisions were made in 2016.
5. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for Enterprise Funds are on a non GAAP basis.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Project Fund, and Enterprise Funds. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption. The costs of inventories are recorded as expenditures when they are used.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the financial statements of the Proprietary Funds and in the statement of net position for all governmental fund types.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the City, which are payable to the County Treasurer, and are recognized as revenue by the City in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Contraband

There were no contraband proceeds for the year ended December 31, 2016.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

L. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Due To/From Funds

Outstanding balances between funds created by lending/borrowing or cash allocation in common purchasing activities are reported as due to/from funds.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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. Premiums received on debt issuances are 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.

O. 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.

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 records regulatory assets / liabilities associated with the accounting for the deferral of costs or the current recovery of expected future costs for the Gas Fund (as fully described in Note 1C.) as a purchased natural gas adjustment is either a deferred inflow or a deferred outflow based on the position at year end.

P. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (Continued)

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority).
4. Assigned fund balance classifications are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The City's Committed Fund Balance is fund balance reporting required by the Council, either because of a Council Policy in the City Policy Manual, or because of motions that passed at Council meetings.

Assigned Fund Balance Policy:

The City's Assigned Fund Balance is fund balance reporting occurring by Council authority, under the direction of the Chief Financial Officer.

Order of Fund Balance Spending Policy

The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourism Fund</u>	<u>Lottery Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	22,891	-	-	-	22,891
<u>Restricted:</u>					
Emergencies	368,783	-	-	-	368,783
Long-Term Contracts	-	100,000	-	-	100,000
Capital Outlay	-	3,665,161	-	-	3,665,161
Parks and Recreation	-	-	-	88,826	88,826
Landfill	126,703	-	-	-	126,703
<u>Committed:</u>					
Library	18,823	-	-	-	18,823
Insured Repairs	457,379	-	-	-	457,379
<u>Assigned:</u>					
Tourism Promotion	-	-	235,827	-	235,827
<u>Unassigned</u>					
	<u>6,405,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,405,286</u>
<u>Total Fund Balances</u>	<u>7,399,865</u>	<u>3,765,161</u>	<u>235,827</u>	<u>88,826</u>	<u>11,489,679</u>

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plans and Old Hire Fire and Police Pension Plans, administered by the Fire and Police Pension Association of Colorado (FPPA), and additions to/deductions from the various pension plan's fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
<u>Capital Assets Not Being Depreciated:</u>					
Land	<u>807,562</u>	<u>796,204</u>	<u>660,000</u>	<u>-</u>	<u>943,766</u>
<u>Capital Assets Being Depreciated:</u>					
Buildings	12,006,914	1,093,639	-	-	13,100,553
Vehicles	1,991,249	488,862	92,743	43,528	2,430,896
Equipment	3,871,995	359,873	-	-	4,231,868
Infrastructure	30,498,999	2,343,776	-	-	32,842,775
Construction in Progress	<u>114,212</u>	<u>1,074,620</u>	<u>413,520</u>	<u>-</u>	<u>775,312</u>
Total Capital Assets Being Depreciated	<u>48,483,369</u>	<u>5,360,770</u>	<u>506,263</u>	<u>43,528</u>	<u>53,381,404</u>
<u>Less Accumulated Depreciation for:</u>					
Buildings	6,660,912	295,015	-	-	6,955,927
Vehicles	1,785,006	105,626	85,132	43,528	1,849,028
Equipment	3,149,479	177,364	-	-	3,326,843
Infrastructure	<u>14,967,517</u>	<u>1,064,633</u>	<u>-</u>	<u>2,318</u>	<u>16,034,468</u>
Total Accumulated Depreciation	<u>26,562,914</u>	<u>1,642,638</u>	<u>85,132</u>	<u>45,846</u>	<u>28,166,266</u>
Total Capital Assets Being Depreciated, Net	<u>21,920,455</u>	<u>3,718,132</u>	<u>421,131</u>	<u>(2,318)</u>	<u>25,215,138</u>
<u>Governmental Activities</u>					
<u>Capital Assets, Net</u>	<u>22,728,017</u>	<u>4,514,336</u>	<u>1,081,131</u>	<u>(2,318)</u>	<u>26,158,904</u>
<u>Business-Type Activities</u>					
<u>Capital Assets Not Being Depreciated:</u>					
Land, Equity, Water Rights	<u>2,114,772</u>	<u>-</u>	<u>28,572</u>	<u>-</u>	<u>2,086,200</u>
<u>Capital Assets Being Depreciated:</u>					
Buildings & Systems	43,993,519	-	-	-	43,993,519
Equipment	3,425,059	24,613	-	(43,528)	3,406,144
Construction In Progress	<u>-</u>	<u>7,844</u>	<u>-</u>	<u>-</u>	<u>7,844</u>
Total Capital Assets Being Depreciated	<u>47,418,578</u>	<u>32,457</u>	<u>-</u>	<u>(43,528)</u>	<u>47,407,507</u>
<u>Less Accumulated Depreciation for:</u>					
Buildings & Systems	23,707,438	782,364	-	-	24,489,802
Equipment	<u>3,069,200</u>	<u>53,602</u>	<u>-</u>	<u>(43,528)</u>	<u>3,079,274</u>
Total Accumulated Depreciation	<u>26,776,638</u>	<u>835,966</u>	<u>-</u>	<u>(43,528)</u>	<u>27,569,076</u>
<u>Business-Type Activities</u>					
<u>Capital Assets, Net</u>	<u>22,756,712</u>	<u>(803,509)</u>	<u>28,572</u>	<u>-</u>	<u>21,924,631</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 CAPITAL ASSETS (Continued)

Beginning in 2003, general infrastructure assets were recorded prospectively in the financial statements, at cost. Retroactive reporting of general infrastructure assets was required by standards for the City (Phase 2 entity) for fiscal years beginning after June 15, 2006. The value of infrastructure from 1980 to 2002 along with the associated accumulated depreciation was included in 2007.

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

Governmental Activities:

General Government	142,539
Public Safety	172,485
Public Works	981,732
Parks and Recreation	<u>345,882</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>1,642,638</u>

Business-Type Activities:

Gas	43,352
Power	55,651
Water & Sewer	<u>736,963</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>835,966</u>

NOTE 3 CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt, Long-Term Liability activity for the year ended December 31, 2016, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Note Payable	149,000	-	49,000	100,000	50,000
Landfill Closure/Postclosure	3,410,124	52,858	-	3,462,982	-
Lease Purchases	31,524	462,870	31,524	462,870	110,987
Compensated Absences	<u>918,761</u>	<u>16,782</u>	<u> </u>	<u>935,543</u>	<u> </u>
	<u>4,509,409</u>	<u>532,510</u>	<u>80,524</u>	<u>4,961,395</u>	<u>160,987</u>
<u>Business – Type Activities</u>					
Sewer Revenue Bonds	1,335,250	-	416,598	918,652	443,303
Compensated Absences	<u>739,257</u>	<u> </u>	<u>16,235</u>	<u>723,022</u>	<u> </u>
	<u>2,074,507</u>	<u> </u>	<u>432,833</u>	<u>1,641,674</u>	<u>443,303</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Loan/Revenue Bond – Sewer Construction

In April of 1998, the City entered in to a loan agreement with the Colorado Water Resources and Power Development Authority. The Authority, a political subdivision of the State of Colorado, issued bonds the proceeds of which were made available to municipalities within the State for capital construction purposes. The City issued a governmental agency bond (revenue bond) to evidence the loan. The loan was made in the amount of \$6,670,909 and is to be used for the acquisition, construction and completion of a wastewater treatment facility.

The debt is payable in 40 semi-annual installments of varying amounts. Original interest was at an approximate rate of 3.9% (refinanced at approximately 2.42% in 2005) and an administrative fee of eight tenths of one percent applies to each payment. Principal payments, administrative fees and estimated interest costs are as follows:

	<u>Principal</u>	<u>Admin Fee</u>	<u>Interest</u>
2017	443,303	40,025	9,950
2018	<u>475,349</u>	<u>20,013</u>	-
<u>Total</u>	<u>918,652</u>	<u>60,038</u>	<u>9,950</u>

The refinancing by the Colorado Water Resources and Power Development Authority in 2005 provided an expected savings to the City of \$221,295 at a net present value of \$173,628.

As a condition of this debt, the City must certify to the Authority the following information.

1. Maintenance of the three month operations and maintenance reserve:

The reserve requirement is estimated to be approximately \$266,637 based on Exhibit F of the loan agreement. The City had deposited excess revenues (monthly surplus) into the reserve account in the amount of \$369,265 by December 31, 2016.

2. Compliance with the rate covenant:

The City, for 2016, was not in compliance with the rate covenant required in Exhibit A (5) of the loan agreement.

A rate stabilization fund in the amount of \$100,000 was created in order to have reserves available to enable the City to meet the rate covenant requirements of exhibit A(5) of the loan agreement.

3. Compliance with additional bonds test:

No additional obligations were incurred by the City payable from the revenues of the sewer fund and no liens superior to this loan agreement have been added to the pledged property.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Compensated Absences

Governmental Funds

Governmental fund compensated absences at December 31, 2016 were \$935,543. As explained in Note 1(H), this amount is not recorded in the governmental fund financial statements, but is reflected in the statement of net position.

Enterprise Funds

Compensated absences accrued, payable and recorded in the Enterprise Funds are as follows:

Power and Light Fund	354,806
Water and Sewer Fund	205,897
Gas Fund	<u>162,319</u>
<u>Total</u>	<u>723,022</u>

Lease Purchases Payable

During 2016, the City entered into the following capital leases for the purchase of equipment:

In April of 2016, a fire truck was purchased for \$335,382. A down payment of \$50,000 left the amount financed by lease as \$285,382. The terms call for four annual lease payments of \$76,445. The interest rate is 2.82%.

A street sweeper costing \$224,940 was acquired in July of 2016. The amount paid at acquisition was \$47,452. The remaining purchase price of \$177,488 was financed. The lease calls for four annual payments of \$47,452 which include interest at a rate of 2.84%.

The future minimum payments are:

	<u>Fire Truck</u>		<u>Street Sweeper</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	68,398	8,047	42,589	4,863	123,897
2018	70,326	6,119	43,756	3,696	123,897
2019	72,310	4,135	44,955	2,497	123,897
2020	<u>74,348</u>	<u>2,097</u>	<u>46,188</u>	<u>1,264</u>	<u>123,897</u>
Total Minimum Lease Payments	285,382	20,398	177,488	12,320	495,588
Less Amounts Representing Interest					<u>32,718</u>
Present Value of Future Minimum Lease Payments					<u>462,870</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Note Payable – Trinidad School District

The City purchased a building from Trinidad School District and gave them a note payable dated December 1, 2015 for \$149,000 with no interest required. The first payment was made before January 15, 2016. A schedule of payments due follows:

<u>Year</u>	<u>Payment</u>
2017	50,000
2018	<u>50,000</u>
Total	<u>100,000</u>

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN

The City has four plans covering members of the Fire and Police Department. The plans are:

- Fire and Police Pension Plan – Statewide Hybrid Defined Benefit Plan (FPPA SWHDB)
- Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)
- Trinidad Old Hire Fire Pension Fund (Old Hire Fire)
- Trinidad Old Hire Police Fund (Old Hire Police)

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Trinidad Old Hire Fire	643,036	-	83,322	102,585	-
Trinidad Old Hire Police	74,773	-	24,038	10,530	-
FPPA Statewide Hybrid Plan	-	139,809	(37,411)	96,452	16,751
FPPA Statewide Plan	-	<u>2,589</u>	<u>38,776</u>	<u>255,830</u>	<u>9,414</u>
Totals	<u>717,809</u>	<u>142,398</u>	<u>108,725</u>	<u>465,397</u>	<u>26,165</u>

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

Fire & Police Statewide Hybrid Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. As of December 31, 2014, the Plan has 34 participating employer departments.

The Plan is not open to new members for the Department.

Employers may not withdraw from the Plan once affiliated.

Colorado Revised Statutes, Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided. The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was not included in the SWH Plan Net Position.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2015 through June 30, 2016 is 12.6 percent. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 was 12.5 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Unvested Department contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the Department were \$18,046 for the year ended December 31, 2016.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

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

At December 31, 2016, the Department reported a liability/(asset) of \$(139,809) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2015, the Department's proportion was 1.3274 percent, which was a decrease of .0431 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Department recognized pension expense (reduction of expense) of \$(37,411). At December 31, 2016, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 41,831	\$ -
Changes in assumptions	7,381	-
Net difference between actual and projected earnings on pension plan investments	29,194	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	16,751
Department contributions subsequent to the measurement date	18,046	-
Total	\$ 96,452	\$ 16,751

\$18,046 reported as deferred outflows of resources related to pensions resulting from Department 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,	
2017	\$ 11,716
2018	11,716
2019	11,716
2020	11,105
2021	4,265
Thereafter	11,137

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 **DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)**

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

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	

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 above table.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Department’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the Department’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50 percent) or 1-percentagepoint higher (8.50 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department’s proportionate share of the net pension liability/(asset)	(80,964)	(139,809)	(189,003)

* *The long-term rate of return used was 7.50 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.*

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Fire & Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2014 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was not included in the SWDB Plan Net Position.

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

Members of this Plan and their employers are contributing at the rate of 8.5 percent and 8 percent of base salary for a total contribution rate of 16.5 percent in 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5 percent of base salary in 2014. It is a local decision on who pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent of base salary for a total contribution rate of 8.25 percent.. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the Department were \$62,480 for the year ended December 31, 2016.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

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

At December 31, 2016, the Department reported an asset of \$(2,589) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2015, the Department's proportion was .14685 percent, which was an increase/(decrease) of .0031 percent from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Department recognized pension expense of \$38,776. At December 31, 2016, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 20,937	\$ 3,056
Changes in assumptions	40,661	-
Net difference between actual and projected earnings on pension plan investments	131,752	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	6,358
Department contributions subsequent to the measurement date	62,480	-
Total	\$ 255,830	\$ 9,414

\$62,480 reported as deferred outflows of resources related to pensions resulting from Department 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,	
2017	\$ 39,370
2018	39,370
2019	39,370
2020	36,104
2021	5,616
Thereafter	24,106

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

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

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	

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 above table.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Department's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the Department's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50 percent) or 1-percentagepoint higher (8.50 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's proportionate share of the net pension liability/(asset)	362,638	(2,589)	(305,531)

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Agent Multiple-Employer Defined Benefit Plans

Trinidad Old Hire Fire and Police Pension Funds (FPPA Old Hire Fire and Police)

Plan Description. The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The Plans are amended by statute. The plans provide normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plans are for fire fighter and police employees hired before April 8, 1978. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plans and can be obtained at fppaco.org/toc_frames.html.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Funding Policy. The City is required to contribute to the Old Hire plans at an actuarially determined rate. Modification of the Old Hire plans is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contribution requirements require an affirmative vote of 65.00% of active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire and Police plans for the year ended December 31, 2016 were \$72,428 and \$8,031, respectively.

Plan Membership. The plan membership of the Old Hire plans as of December 31, 2015 is presented as follows:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>	<u>Total</u>
Retirees and beneficiaries	6	5	11
Inactive, non-retired beneficiaries	-	-	-
Active members	-	-	-
Total	<u>6</u>	<u>5</u>	<u>11</u>

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the City reported a liability of \$643,036 and \$74,773 for the Old Hire fire and Old Hire Police plans, respectively, for the net pension liability related to the FPPA old hire plans. The net pension liabilities were measured as of December 31, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2015.

The components of the net pension liability of the City as of December 31, 2016, is presented below:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
Total pension liability	1,249,122	122,445
Fiduciary net position	<u>606,086</u>	<u>47,672</u>
Total	<u>643,036</u>	<u>74,773</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

For the year ended December 31, 2016, the City recognized \$83,322 and \$24,038 of pension expense for the Old Hire Fire and Old Hire Police plans, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the Old Hire Fire and Old Hire Police plans as of December 31, 2016, is presented below:

	Old Hire Fire		Old Hire Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-	-	-
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	30,157	-	2,499	-
Contributions subsequent to the measurement date	<u>72,428</u>	<u>-</u>	<u>8,031</u>	<u>-</u>
Total	<u>102,585</u>	<u>-</u>	<u>10,530</u>	<u>-</u>

The \$72,428 and \$8,031 reported by the Old Hire Fire and Old Hire Police plans, respectively, 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 as presented in the following:

<u>Year</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
2017	7,740	644
2018	7,740	644
2019	7,738	642
2020	6,939	569
2021	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>30,157</u>	<u>2,499</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The changes in net pension liability for Old Hire Fire and Old Hire Police plans were:

	<u>Old Hire Fire</u>			<u>Old Hire Police</u>		
	Total Pension <u>Liability</u>	Plan Fiduciary Net <u>Position</u>	Net Pension <u>Liability</u>	Total Pension <u>Liability</u>	Plan Fiduciary Net <u>Position</u>	Net Pension <u>Liability</u>
<u>Balances as of</u>						
January 1, 2016	1,251,348	639,894	611,454	114,125	57,025	57,100
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest	89,327	-	89,327	7,877	-	7,877
Differences between expected and actual experience	(57,783)	-	(57,783)	13,012	-	13,012
Change of Assumptions	89,102	-	89,102	5,956	-	5,956
Contributions – Employer	-	78,695	(78,695)	-	8,566	(8,566)
Contributions – Employee	-	-	-	-	-	-
Net investment income	-	11,624	(11,624)	-	1,049	(1,049)
Benefit payments	(122,872)	(122,872)	-	(18,525)	(18,525)	-
Administrative expense	-	(1,255)	1,255	-	(443)	443
Other changes	-	-	-	-	-	-
Total Net Changes	<u>(2,226)</u>	<u>(33,808)</u>	<u>31,582</u>	<u>8,320</u>	<u>(9,353)</u>	<u>17,673</u>
Balances as of						
December 31, 2016	<u>1,249,122</u>	<u>606,086</u>	<u>643,036</u>	<u>122,445</u>	<u>47,672</u>	<u>74,773</u>

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 these best estimates are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
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	<u>100.00%</u>	

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Old Hire Fire	Old Hire Police
Investment rate of return	7.50%	7.50%
Salary increases	n/a	n/a
Inflation	3.00%	3.00%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA.

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

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate. Following is the city's net pension liability/(asset), calculated using a discount rate of 7.50%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher (dollars in thousands):

	1% Decrease 6.50%	Discount 7.50%	1% Increase 8.50%
Old Hire Fire net pension liability	743,751	643,036	554,971
Old Police Fire net pension liability	82,645	74,773	67,860

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at http://fppaco.org/toc_frames.html.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Those reports are available by contacting:

Fire and Police Pension Association
 5290 DTC Parkway, Suite 100
 Greenwood Village, Colorado 80111

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 DEFINED CONTRIBUTION PLANS

The City provides pension benefits for all non fire or police full time employees through a defined contribution plan of the Colorado County Officials and Employees Retirement Association and for full time city manager department employees through the city money purchase pension plan for that department. Police employees (full-time) that are not eligible for the defined benefit plan described in the preceding note are provided pension benefits through the City's departmental money purchase pension plan (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 in the police plan and the city manager department plan. One year of service is required previous to participation in the Colorado County Officials and Employees Retirement Association Plan.

- Colorado County Officials and Employees Retirement Association

Employees contribute 3% of their salary to the plan with an equal amount contributed by the City. Vesting occurs at the rate of 20% per year. City contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the City. Forfeitures were \$3,449 during 2016 and pension expense was \$151,675. The City had no outstanding liability for this plan at year end.

- Police Department Money Purchase Pension Plan (Administered by Pensions Management Assoc., Inc.)

The City contributes 8% for Police (to the employees 8%), of the employee's compensation to the plan. Policemen vest fully after 5 years of service. Contributions and earnings forfeited by participants are accumulated in a reserve fund available for plan expenses not to exceed \$10,000. The pension expense recognized by the City during 2016 was \$112,688. No liability existed at year end.

- City Manager Department Money Purchase Pension Plan (Managed by ICMA Retirement Corporation)

Employees contribute 3% of their salary to this plan which is matched equally by the City. Vesting occurs at the rate of 25% per year. City contributions for employees who leave employment before vesting are returned to the City. There were no forfeitures for the year ending December 31, 2016. Pension expense for that same period was \$4,371 and the City had no liability to the plan at December 31, 2016.

The benefit terms for all plans are established by the City Council of the City of Trinidad and may only be amended by them.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 6 FIRE AND POLICE PENSION ASSOCIATION (FPPA) DEATH AND DISABILITY PLAN

All full-time police officers and firefighters are covered by the Fire and Police Pension Association (FPPA), a multiple-employer cost-sharing plan for pre-retirement death and disability. To date, contributions to the plan have been determined and budgeted by the State legislature. State law provided that these contributions would continue in diminishing amounts until 1994. The State requires employees hired on or after January 1, 1997, to contribute 2.6% of salary. The City pays the 2.6% for all affected police officers and firefighters. In 2016, the City paid \$39,954, equal to their required contribution.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained online at www.fppaco.org or by writing to Fire and Police Pension Association of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111-2721 or by calling FPPA at (303) 770-3772 or 1-800-332-3772.

NOTE 7 INTERGOVERNMENTAL AGREEMENT

The City of Trinidad is a member of (CIRSA). The Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

Summary audited financial information as of December 31, 2016 follows:

Assets	<u>87,254,665</u>
Liabilities	36,055,129
Net Position	<u>51,199,536</u>
	<u>87,254,665</u>
Revenues	26,382,872
Expenditures	21,353,618
Distributions to Members (Credits to Members)	<u>574,075</u>
Increase (Decrease) in Net Position	<u>4,455,179</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 8 **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains three Enterprise Funds which provide water, sewer, gas and electrical operational services. All enterprise funds are reported separately as major funds in the fund financial statements.

The City accounts for the operations of the Water and Sewer Department within one enterprise fund. A note payable to the Colorado Water Resources and Power Development Authority requires that the City pledge the Net Revenues of the Sewer Department for payment of the debt. Summary financial information for each is presented below. The Water Department operates the City's water filtration and supply system. The Sewer Department operates the sewage treatment plant, sewage pumping stations and collection systems.

	<u>Water Department</u>	<u>Sewer Department</u>
<u>Condensed Statement of Net Position</u>		
Assets		
Current	6,123,898	626,918
Capital	14,198,407	6,074,937
Total Assets	<u>20,322,305</u>	<u>6,701,855</u>
Liabilities		
Current	130,289	126,141
NonCurrent	158,028	966,521
Total Liabilities	<u>288,317</u>	<u>1,092,662</u>
Net Position		
Net Investment in Capital Assets	14,198,407	5,156,285
Unrestricted	5,835,581	452,908
Total Net Position	<u>20,033,988</u>	<u>5,609,193</u>
<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>		
Operating Revenues	2,416,620	1,585,374
Depreciation	(487,632)	(249,330)
Other Operating Expense	(2,151,119)	(1,460,730)
Operating Income	<u>(222,131)</u>	<u>(124,686)</u>
NonOperating Revenues (Expenses):		
Grants	338,835	-
Transfers	-	517,532
Interest Income	34,595	3,910
Interest Expense	-	(65,344)
Change in Net Position	151,299	331,412
Beginning Net Position	<u>19,882,689</u>	<u>5,277,781</u>
Ending Net Position	<u>20,033,988</u>	<u>5,609,193</u>
<u>Condensed Statement of Cash Flows</u>		
Net Cash Provided (Used) by:		
Operating Activities	454,251	124,644
Noncapital Financing Activities	(1,243,963)	442,975
Capital and Related Financing Activities	867,761	(492,919)
Investing Activities	34,595	3,910
Net Increase (Decrease)	112,644	78,610
Beginning Cash and Cash Equivalents	<u>5,526,138</u>	<u>373,521</u>
Ending Cash and Cash Equivalents	<u>5,638,782</u>	<u>452,131</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 CONTINGENCIES

The City is a defendant in various actions that have been brought in the courts or with regulatory agencies such as the Office of Civil Rights and the Equal Employment Opportunity Commission. It has also been made aware of certain claims for damages. It is the belief of those representing the City that none of these claims or actions will result in costs or losses to the City that are uninsured or of a material nature.

NOTE 10 COMMITMENTS

The City has various operating leases for equipment. These agreements are all subject to annual appropriation of funds by the City.

NOTE 11 CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, The City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,462,982 reported in Long-Term Debt as landfill closure and postclosure care liability at December 31, 2016, represents the cumulative expense incurred to date based on the use of the existing facility and the requirements to close and monitor as the facility currently exists. The City will recognize a reduction in this liability to close due to the fact that usage at the site will be through vertical expansion and cover will be applied throughout the next 80 years of use. The estimate of cost for final closure is \$2,363,266 (of which \$183,432 will be the final phase) and cost for postclosure care is \$1,099,716. These amounts are based upon what it would cost to perform all closure and postclosure care in 2016. The City expects to close the landfill in the year 2097. Actual cost may be higher due to inflation, changes in technology or changes in regulations. No closure or post closure costs remain unrecognized. Increases in the liability are due solely to inflation, and are recognized currently as increases to Long-Term Debt. Current closure costs were recognized in the amount of \$36,073. Current postclosure costs were \$16,785. Approximately 1% of total landfill capacity has been used.

The City is required by law to provide assurance that it can meet the cost of closure and postclosure care. The City has provided that assurance by meeting the test requirements of the Colorado Department of Public Health and Environment. The City expects that future inflation costs may need to be covered by charges to future landfill users or other future revenues.

NOTE 12 CASH

The City's cash at year-end consisted of deposits in financial institutions and was entirely covered by federal depository insurance or by collateral held by the financial institutions as their agent in the City's name. Collateral is held under provisions of the Public Deposit Protection Act of 1975. This act requires pledged collateral to be clearly identified as security for public deposits and it requires that the pledging financial institution certify to the secured governmental unit that it is secured and indicate the location of the collateral. In the event of default or insolvency on the part of the pledging financial institution, the custodian will surrender the collateral to the state bank commissioner. A breakdown of deposits follows:

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 12 CASH (Continued)

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Insured	209,120	209,120
Uninsured, Collateral held by		
Bank or its agent in City's name	<u>22,568,304</u>	<u>23,271,076</u>
<u>Sub-Total</u>	<u>23,527,424</u>	<u>24,230,196</u>
Plus Cash with County Treasurer	35,249	-
Plus Cash on Hand	<u>826</u>	-
<u>Net Cash</u>	<u>23,563,499</u>	<u>24,230,196</u>

Cash is comprised of \$20,319,966 of unrestricted cash and \$3,243,533 of restricted cash for a total of \$23,563,499.

As presented above, deposits with a bank balance of \$23,271,076 and a carrying balance of \$22,568,304 as of December 31, 2016 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the City to establish Emergency Reserves (see Note 14). \$368,783 of fund balance has been reserved in compliance with this requirement.

NOTE 13 INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	-	47,600
Gas	10,000	-
Power	16,600	-
Water and Sewer	<u>21,000</u>	-
	<u>47,600</u>	<u>47,600</u>

Interfund amounts are created as a result of pooling cash. They are expected to be repaid within a year.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 14 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. 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 initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

During 1994, the authorized voters of the City of Trinidad, Colorado voted to authorize the City to collect, retain and expend all revenues and other funds collected beginning in 1995, from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, effective January 1, 1995, provided that no local tax rate or mill levy shall be increased without further voter approval.

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.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 15 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The City maintains commercial insurance and participates in a public entity risk pool for all risks of loss. Settled claims have not exceeded these coverages in any of the past three fiscal years.

NOTE 16 ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS

At December 31, 2016, the City has provided an allowance for estimated uncollectible utility billings of \$134,400. The receivables shown in the financial statements of the utility funds are net of this allowance.

NOTE 17 CAPITALIZED INTEREST

Net interest costs associated with the sewer revenue bond were capitalized during the construction period of the new sewer treatment facility as required by generally accepted accounting principles. There was no interest capitalized in 2016.

NOTE 18 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

The following have been eliminated in the entity-wide financial statements:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
None		
<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	1,000,000
Capital Projects Fund	1,000,000	-
	<u>1,000,000</u>	<u>1,000,000</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

NOTE 19 INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	1,125,400	1,517,532
Gas	-	341,400
Power	-	475,000
Water and Sewer	517,532	309,000
Capital Project	<u>1,000,000</u>	<u>-</u>
	<u>2,642,932</u>	<u>2,642,932</u>

All transfers were made from and to major funds. Transfers to the General Fund were for service reimbursement and payments in lieu of tax and occur on a routine basis.

NOTE 20 INTERGOVERNMENTAL AGREEMENT

The City of Trinidad is one of five member cities of the Arkansas River Power Authority (ARPA). ARPA exists to provide wholesale power to its members who provide electrical utilities in their communities. ARPA is an independent governmental entity with a governing board appointed by the member cities. The governing board is responsible for hiring management.

NOTE 21 ACCOUNTING AND REPORTING FOR ENTERPRISE FUND

Prior to 2016, the operations of the water department and the sewer department were recorded in the accounting records of the City (along with their associated assets, liabilities and net position) as separate funds. The financial reporting for each was separate to reflect that accounting, beginning in 2016, the two activities were recorded and reported in a single enterprise fund. The beginning net position of the 2016 water and sewer fund is the sum of the ending net position amounts at December 31, 2015 of the water fund and the sewer fund.

NOTE 22 BUDGET DISCLOSURE

Expenditures of the power fund for 2016 exceeded amounts budgeted for expenditure by \$61,027.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Capital Projects Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual

Pension Data

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes				
General Property	1,005,400	1,005,400	1,137,238	131,838
Specific Ownership	283,420	283,420	223,714	(59,706)
General Sales and Use	4,467,780	4,467,780	4,647,720	179,940
Selective Sales and Use	1,614,147	1,614,147	1,933,041	318,894
Franchise	95,551	95,551	96,634	1,083
Licenses and Permits				
Business	46,325	46,325	111,574	65,249
Building, Zoning and Paving Permits	50,750	50,750	319,766	269,016
Other	-	-	50	50
Intergovernmental Revenues				
State Shared Revenues	614,681	614,681	457,519	(157,162)
Other	-	-	12,402	12,402
Charges for Services				
Disposal Fees	385,000	385,000	503,082	118,082
Delinquent Assessment	95,000	95,000	101,774	6,774
Culture and Recreation	49,914	49,914	56,429	6,515
Security	250,100	250,100	351,393	101,293
Fines and Forfeits				
Court	50,284	50,284	29,109	(21,175)
Miscellaneous				
Earnings on Investments	12,500	12,500	16,671	4,171
Other	282,989	282,989	318,901	35,912
<u>TOTAL REVENUES</u>	<u>9,303,841</u>	<u>9,303,841</u>	<u>10,317,017</u>	<u>1,013,176</u>
<u>EXPENDITURES</u>				
<u>General Government</u>				
City Council	51,800	51,800	62,683	(10,883)
City Attorney	60,000	60,000	80,338	(20,338)
Municipal Court	44,301	44,301	46,929	(2,628)
City Manager	132,785	132,785	172,836	(40,051)
Information Technology	98,467	123,467	124,118	(651)
Finance	214,913	214,913	199,545	15,368
Development Services	277,659	277,659	283,032	(5,373)
Welcome Center	76,385	76,385	70,516	5,869
Other Activities	866,450	866,450	721,333	145,117
Non-Discretionary Costs	1,587,321	1,587,321	1,332,473	254,848
Economic Development	-	250,000	119,924	130,076
<u>Total General Government</u>	<u>3,410,081</u>	<u>3,685,081</u>	<u>3,213,727</u>	<u>471,354</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Public Safety</u>				
Police	1,661,157	1,661,157	1,765,349	(104,192)
Dispatch	340,330	340,330	316,072	24,258
Fire	<u>1,202,136</u>	<u>1,202,136</u>	<u>1,239,891</u>	<u>(37,755)</u>
<u>Total Public Safety</u>	<u>3,203,623</u>	<u>3,203,623</u>	<u>3,321,312</u>	<u>(117,689)</u>
<u>Public Works</u>				
Engineering	108,290	108,290	154,549	(46,259)
General Maintenance	205,412	205,412	198,193	7,219
Street and Bridge	957,314	957,314	1,051,079	(93,765)
Landfill	<u>194,188</u>	<u>194,188</u>	<u>227,366</u>	<u>(33,178)</u>
<u>Total Public Works</u>	<u>1,465,204</u>	<u>1,465,204</u>	<u>1,631,187</u>	<u>(165,983)</u>
<u>Culture and Recreation</u>				
Sports and Recreation	337,597	337,597	325,151	12,446
Library	<u>176,624</u>	<u>176,624</u>	<u>174,613</u>	<u>2,011</u>
<u>Total Culture and Recreation</u>	<u>514,221</u>	<u>514,221</u>	<u>499,764</u>	<u>14,457</u>
<u>Capital Outlay</u>				
Fleet Replacement - Fire	-	-	335,382	(335,382)
Fleet Replacement - General	-	-	224,940	(224,940)
Machinery and Equipment	-	<u>250,000</u>	<u>91,078</u>	<u>158,922</u>
<u>Total Capital Outlay</u>	-	<u>250,000</u>	<u>651,400</u>	<u>(401,400)</u>
<u>APPROPRIATED RESERVES</u>	-	<u>250,000</u>	-	<u>250,000</u>
<u>TOTAL EXPENDITURES</u>	<u>8,593,129</u>	<u>9,368,129</u>	<u>9,317,390</u>	<u>50,739</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>710,712</u>	<u>(64,288)</u>	<u>999,627</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	1,131,100	1,131,100	1,125,400	(5,700)
Operating Transfers Out	-	(2,092,919)	(1,517,532)	575,387
Insurance Proceeds	-	-	457,379	457,379
Lease Purchase Proceeds	-	-	462,870	462,870
Sale of Capital Assets	-	-	<u>922,170</u>	<u>922,170</u>
<u>Total Other Financing Sources (Uses)</u>	<u>1,131,100</u>	<u>(961,819)</u>	<u>1,450,287</u>	<u>2,412,106</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>1,841,812</u>	<u>(1,026,107)</u>	<u>2,449,914</u>	
<u>FUND BALANCE, January 1</u>	<u>4,636,364</u>	<u>4,636,364</u>	<u>4,949,951</u>	
<u>FUND BALANCE, December 31</u>	<u>6,478,176</u>	<u>3,610,257</u>	<u>7,399,865</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales Taxes	1,200,000	1,200,000	1,549,240	349,240
Grants	2,769,356	2,769,356	1,972,000	(797,356)
Interest	6,800	6,800	7,130	330
Other	-	-	372,158	372,158
<u>Total Revenues</u>	<u>3,976,156</u>	<u>3,976,156</u>	<u>3,900,528</u>	<u>(75,628)</u>
<u>EXPENDITURES</u>				
Capital Projects	4,384,833	4,384,833	4,218,234	166,599
<u>REVENUES OVER (UNDER) EXPENDITURES</u>				
	(408,677)	(408,677)	(317,706)	
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	1,000,000	1,000,000
Note Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
<u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>				
	(408,677)	(408,677)	682,294	
<u>FUND BALANCE – Beginning</u>				
	2,196,390	2,196,390	3,082,867	
<u>FUND BALANCE – Ending</u>				
	1,787,713	1,787,713	3,765,161	

The accompanying notes are an integral part of these financial statements.

PENSION DATA

CITY OF TRINIDAD, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
 FPPA STATEWIDE HYBRID PLAN
 Year Ended December 31, 2016

**Schedule of the Department's Proportionate Share of the Net Pension Liability/(Asset)
 Fire & Police Statewide Hybrid Plan**

As of December 31

[Build to 10 years prospectively]

	2016	2015	2014
Department's proportion of the net pension liability/(asset)	1.3724%	1.3705%	1.1041%
Department's proportionate share of the net pension liability/(asset)	\$(139,809)	\$(162,540)	\$(115,618)
Department's covered-employee payroll	\$166,476	\$161,572	\$136,034
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	83.9%	100.6%	82.8%
Plan fiduciary net position as a percentage of the total pension liability	129.44%	140.6%	139%

**Schedule of Department Contributions
 Fire & Police Statewide Hybrid Plan**

As of December 31

[Build to 10 years prospectively]

	2016	2015	2014
Contractually required contribution	\$17,480	\$16,965	\$14,248
Contributions in relation to the contractually required contribution	\$17,480	\$16,965	\$14,248
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-
Department's covered-employee payroll	\$166,476	\$161,573	\$136,034
Contributions as a percentage of covered-employee payroll	10.5%	10.5%	10.5%

**Notes to Required Supplementary Information
 For the Year Ended December 31, 2016**

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2016 as a result of the member election.

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

Changes of assumptions. Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

CITY OF TRINIDAD, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
 FPPA STATEWIDE PLAN
 Year Ended December 31, 2016

Schedule of the Department's Proportionate Share of the Net Pension Liability/(Asset)
Fire & Police Statewide Defined Benefit Plan
As of December 31,
[Build to 10 years prospectively]

	2016	2015	2014
Department's proportion of the net pension liability/(asset)	.1468%	.1438%	.1395%
Department's proportionate share of the net pension liability/(asset)	\$(2,589)	\$(162,242)	\$(124,772)
Department's covered-employee payroll	\$621,778	\$568,414	\$514,585
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	.004%	28.5%	24.2%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	106.8%	105.8%

Schedule of Department Contributions
Fire & Police Statewide Defined Benefit Plan
As of December 31,
[Build to 10 years prospectively]

	2016	2015	2014
Contractually required contribution	\$56,950	\$51,718	\$48,485
Contributions in relation to the contractually required contribution	\$56,950	\$51,718	\$48,485
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-
Department's covered-employee payroll	\$621,778	\$568,414	\$514,585
Contributions as a percentage of covered-employee payroll	9.2%	9.1%	9.4%

Notes to Required Supplementary Information
for the Year Ended December 31, 2016

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2016 as a result of the member election.

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

Changes of assumptions. Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

CITY OF TRINIDAD, COLORADO
 OLD HIRE FIRE PENSION FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
 AND RELATED RATIOS MULTIYEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	-	-
Interest on the Total Pension Liability	89,327	91,715
Benefit Changes	-	-
Difference between Expected and Actual Experience	(57,783)	-
Assumption Changes	89,102	-
Benefit Payments	<u>(122,872)</u>	<u>(124,229)</u>
Net Change in Total Pension Liability	(2,226)	(32,514)
Total Pension Liability – Beginning	<u>1,251,348</u>	<u>1,283,862</u>
Total Pension Liability – Ending	<u>1,249,122</u>	<u>1,251,348</u>
Plan Fiduciary Net Position		
Employer Contributions	78,695	75,199
Employee Contributions	-	-
Pension Plan Net Investment Income	11,624	42,816
Benefit Payments	(122,872)	(124,229)
Pension Plan Administrative Expense	<u>(1,255)</u>	<u>(4,362)</u>
Net Change in Plan Fiduciary Net Position	(33,808)	(10,576)
Plan Fiduciary Net Position – Beginning	<u>639,894</u>	<u>650,470</u>
Plan Fiduciary Net Position – Ending	<u>606,086</u>	<u>639,894</u>
Net Pension Liability/(Asset) – Ending	643,036	611,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.52%	51.14%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

CITY OF TRINIDAD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
 AND RELATED RATIOS MULTIYEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	-	-
Interest on the Total Pension Liability	7,877	8,620
Benefit Changes	-	-
Difference between Expected and Actual Experience	13,012	-
Assumption Changes	5,956	-
Benefit Payments	<u>(18,525)</u>	<u>(18,525)</u>
Net Change in Total Pension Liability	8,320	(9,905)
Total Pension Liability – Beginning	<u>114,125</u>	<u>124,030</u>
Total Pension Liability – Ending	<u>122,445</u>	<u>114,125</u>
Plan Fiduciary Net Position		
Employer Contributions	8,566	6,424
Employee Contributions	-	-
Pension Plan Net Investment Income	1,049	4,176
Benefit Payments	(18,525)	(18,525)
Pension Plan Administrative Expense	<u>(443)</u>	<u>(3,232)</u>
Net Change in Plan Fiduciary Net Position	(9,353)	(11,157)
Plan Fiduciary Net Position – Beginning	<u>57,025</u>	<u>68,182</u>
Plan Fiduciary Net Position – Ending	<u>47,672</u>	<u>57,025</u>
Net Pension Liability/(Asset) – Ending	74,773	57,100
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	38.93%	49.97%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

CITY OF TRINIDAD, COLORADO
 OLD HIRE FIRE PENSION FUND
 SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	72,428	78,695	(6,267)	N/A	N/A
2014	75,199	75,199	-	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 TRINIDAD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	8,031	8,566	(535)	N/A	N/A
2014	6,424	6,424	-	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 TRINIDAD, COLORADO
OLD HIRE FIRE AND OLD HIRE POLICE
NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2012, determines the contribution amounts for 2013 and 2014.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	15 years*
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: RP-2000 combined Mortality Table, with Blue Collar Adjustment Disabled: 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.

FPPA SYSTEM DESCRIPTION

The Fire & Police Pension Association (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 publicly available comprehensive annual financial report that can be obtained at:

http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tourism Fund – to account for a lodger tax and interest which are to be used for the purpose of promoting tourism in Trinidad and Las Animas County. The expenditure of funds is overseen by an appointed board.

Lottery Fund – to account for the share of state lottery sent to the City of Trinidad. Expenditures are limited to those types allowed by statute, generally outdoor recreation.

CITY OF TRINIDAD, COLORADO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	<u>Special Revenue Funds</u>		Nonmajor Governmental Funds
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>ASSETS</u>			
Cash	192,616	89,232	281,848
Accrued Interest	-	-	-
Tax Receivable	57,624	-	57,624
Grants Receivable	-	-	-
<u>Total Assets</u>	<u>250,240</u>	<u>89,232</u>	<u>339,472</u>
 <u>LIABILITIES</u>			
Due To Other Funds	-	-	-
Accounts Payable	13,052	406	13,458
Accrued Salary & Benefits	<u>1,361</u>	-	<u>1,361</u>
<u>Total Liabilities</u>	<u>14,413</u>	<u>406</u>	<u>14,819</u>
 <u>FUND BALANCES</u>			
Restricted:			
Parks and Recreation	-	88,826	88,826
Assigned:			
Tourism Promotion	<u>235,827</u>	-	<u>235,827</u>
<u>Total Fund Balances</u>	<u>235,827</u>	<u>88,826</u>	<u>324,653</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>250,240</u>	<u>89,232</u>	<u>339,472</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2016

	Special Revenue		Nonmajor Governmental Funds
	Tourism Fund	Lottery Fund	
<u>REVENUES</u>			
Lodger Tax	275,211	-	275,211
State Shared – Lottery	-	90,657	90,657
Grants	-	-	-
Interest	11	73	84
Other Revenue	<u>6,791</u>	-	<u>6,791</u>
<u>Total Revenues</u>	<u>282,013</u>	<u>90,730</u>	<u>372,743</u>
 <u>EXPENDITURES</u>			
Tourism Promotion	229,905	-	229,905
Parks and Recreation	-	35,988	35,988
Capital Projects	-	-	-
<u>Total Expenditures</u>	<u>229,905</u>	<u>35,988</u>	<u>265,893</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 52,108	 54,742	 106,850
 <u>Other Financing Sources (Uses)</u>			
Transfers	-	-	-
Capital Lease Proceeds	-	-	-
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 52,108	 54,742	 106,850
 <u>FUND BALANCE, January 1</u>	 <u>183,719</u>	 <u>34,084</u>	 <u>217,803</u>
 <u>FUND BALANCE, December 31</u>	 <u>235,827</u>	 <u>88,826</u>	 <u>324,653</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
 TOURISM – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Lodger Tax	210,000	210,000	275,211	65,211
Interest	-	-	11	11
Other	-	-	6,791	6,791
<u>Total Revenues</u>	<u>210,000</u>	<u>210,000</u>	<u>282,013</u>	<u>72,013</u>
<u>EXPENDITURES</u>				
Tourism Promotion	<u>210,000</u>	<u>240,000</u>	229,905	<u>10,095</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>				
	-	(30,000)	52,108	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	-	-	-	-
<u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>				
	-	(30,000)	52,108	
<u>FUND BALANCE, January 1</u>	<u>149,505</u>	<u>149,505</u>	<u>183,719</u>	
<u>FUND BALANCE, December 31</u>	<u>149,505</u>	<u>119,505</u>	<u>235,827</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
 LOTTERY – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Lottery – State Shared	82,750	82,750	90,657	7,907
Interest	150	150	73	(77)
Other	-	-	-	-
<u>Total Revenues</u>	<u>82,900</u>	<u>82,900</u>	<u>90,730</u>	<u>7,830</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>61,000</u>	<u>61,000</u>	<u>35,988</u>	<u>25,012</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	21,900	21,900	54,742	
<u>FUND BALANCE, January 1</u>	<u>22,219</u>	<u>22,219</u>	<u>34,084</u>	
<u>FUND BALANCE, December 31,</u>	<u>44,119</u>	<u>44,119</u>	<u>88,826</u>	

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUNDS – BUDGET SCHEDULES

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
GAS ENTERPRISE FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	4,146,154	4,146,154	4,090,942	(55,212)
Other	40,249	40,249	46,455	6,206
<u>Total Operating Revenue</u>	<u>4,186,403</u>	<u>4,186,403</u>	<u>4,137,397</u>	<u>(49,006)</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,086,491	1,136,491	1,184,552	(48,061)
Regulating Stations	2,342	2,342	-	2,342
Distribution Mains	88,944	88,944	111,654	(22,710)
Gas Purchases	2,548,537	2,548,537	2,435,776	112,761
<u>Total Operating Expenses</u>	<u>3,726,314</u>	<u>3,776,314</u>	<u>3,731,982</u>	<u>44,332</u>
<u>OPERATING INCOME</u>	<u>460,089</u>	<u>410,089</u>	<u>405,415</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(101,787)	(101,787)	-	101,787
Debt Principal	-	-	-	-
Interest Income	12,844	12,844	13,805	961
<u>Total Other Revenues (Expenses)</u>	<u>(88,943)</u>	<u>(88,943)</u>	<u>13,805</u>	<u>102,748</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>371,146</u>	<u>321,146</u>	<u>419,220</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(236,400)	(341,400)	(341,400)	-
<u>Total Operating Transfers</u>	<u>(236,400)</u>	<u>(341,400)</u>	<u>(341,400)</u>	<u>-</u>
<u>NET INCOME (LOSS) – (NON GAAP)</u>	<u>134,746</u>	<u>(20,254)</u>	<u>77,820</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	-	-	-	
Capital Outlay	101,787	101,787	-	
<u>Total Reconciling Items</u>	<u>101,787</u>	<u>101,787</u>	<u>-</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>236,533</u>	<u>81,533</u>	<u>77,820</u>	
<u>NET POSITION, Beginning</u>	<u>5,559,299</u>	<u>5,559,299</u>	<u>5,283,117</u>	
<u>NET POSITION, Ending</u>	<u>5,795,832</u>	<u>5,640,832</u>	<u>5,360,937</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
POWER ENTERPRISE FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	7,534,347	7,534,347	7,443,099	(91,248)
Other	<u>73,114</u>	<u>73,114</u>	<u>116,121</u>	<u>43,007</u>
<u>Total Operating Revenue</u>	<u>7,607,461</u>	<u>7,607,461</u>	<u>7,559,220</u>	<u>(48,241)</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,880,626	2,005,626	1,959,344	46,282
Purchased Power and Generation	5,404,196	5,404,196	5,573,887	(169,691)
Power Plant	19,712	19,712	18,889	823
Distribution Operations	29,758	29,758	28,300	1,458
Distribution System Maintenance	<u>17,512</u>	<u>17,512</u>	<u>13,514</u>	<u>3,998</u>
<u>Total Operating Expenses</u>	<u>7,351,804</u>	<u>7,476,804</u>	<u>7,593,934</u>	<u>(117,130)</u>
<u>OPERATING INCOME</u>	<u>255,657</u>	<u>130,657</u>	<u>(34,714)</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(56,103)	(56,103)	-	56,103
Debt Principal	-	-	-	-
Interest Income	<u>18,854</u>	<u>18,854</u>	<u>12,562</u>	<u>(6,292)</u>
<u>Total Other Revenues (Expenses)</u>	<u>(37,249)</u>	<u>(37,249)</u>	<u>12,562</u>	<u>49,811</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>218,408</u>	<u>93,408</u>	<u>(22,152)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(370,000)</u>	<u>(475,000)</u>	<u>(475,000)</u>	<u>-</u>
<u>Total Operating Transfers</u>	<u>(370,000)</u>	<u>(475,000)</u>	<u>(475,000)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(151,592)</u>	<u>(381,592)</u>	<u>(497,152)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Debt Principal	-	-	-	
Capital Outlay	<u>56,103</u>	<u>56,103</u>	<u>-</u>	
<u>Total Reconciling Items</u>	<u>56,103</u>	<u>56,103</u>	<u>-</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(95,489)</u>	<u>(325,489)</u>	<u>(497,152)</u>	
<u>NET POSITION, Beginning</u>	<u>3,393,075</u>	<u>3,393,075</u>	<u>3,847,862</u>	
<u>NET POSITION, Ending</u>	<u>3,297,586</u>	<u>3,067,586</u>	<u>3,350,710</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
WATER AND SEWER ENTERPRISE FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	3,749,401	3,749,401	3,736,371	(13,030)
Other	<u>227,186</u>	<u>227,186</u>	<u>265,622</u>	<u>38,436</u>
<u>Total Operating Revenue</u>	<u>3,976,587</u>	<u>3,976,587</u>	<u>4,001,993</u>	<u>25,406</u>
<u>OPERATING EXPENSES</u>				
General Operations	2,689,753	2,818,953	3,051,608	(232,655)
Water Transmission System	57,334	57,334	48,661	8,673
Water Distribution	344,238	344,238	407,279	(63,041)
Madrid Chlorination	600	600	656	(56)
Water Filtration Plant	145,816	145,816	124,917	20,899
North Lake	7,000	7,000	12,199	(5,199)
Monument Lake	10,400	10,400	10,798	(398)
Sewage Treatment Plant	351,042	351,042	321,469	29,573
Sewage Collection	<u>48,000</u>	<u>48,000</u>	<u>62,223</u>	<u>(14,223)</u>
<u>Total Operating Expenses</u>	<u>3,654,183</u>	<u>3,783,383</u>	<u>4,039,810</u>	<u>(256,427)</u>
<u>OPERATING INCOME</u>	<u>322,404</u>	<u>193,204</u>	<u>(37,817)</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	(65,344)	(65,344)
Capital Outlay	(1,302,890)	(1,302,890)	(32,457)	1,270,433
Debt Principal	-	-	(416,598)	(416,598)
Interest Income	60,592	60,592	38,505	(22,087)
Grants	<u>1,192,500</u>	<u>1,192,500</u>	<u>338,835</u>	<u>(853,665)</u>
<u>Total Other Revenues (Expenses)</u>	<u>(49,798)</u>	<u>(49,798)</u>	<u>(137,059)</u>	<u>(87,261)</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>272,606</u>	<u>143,406</u>	<u>(174,876)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	517,532	517,532
Operating Transfers (Out)	(103,200)	(313,200)	(309,000)	4,200
<u>Total Operating Transfers</u>	<u>(103,200)</u>	<u>(313,200)</u>	<u>208,532</u>	<u>521,732</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>169,406</u>	<u>(169,794)</u>	<u>33,656</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Debt Principal	-	-	416,598	
Capital Outlay	<u>1,302,890</u>	<u>1,302,890</u>	<u>32,457</u>	
<u>Total Reconciling Items</u>	<u>1,302,890</u>	<u>1,302,890</u>	<u>449,055</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>1,472,296</u>	<u>1,133,096</u>	<u>482,711</u>	
<u>CHANGE IN NET ASSETS</u>	<u>1,472,296</u>	<u>1,133,096</u>	<u>482,711</u>	
<u>NET POSITION, Beginning</u>	<u>21,029,514</u>	<u>21,029,514</u>	<u>25,160,470</u>	
<u>NET POSITION, Ending</u>	<u>22,501,810</u>	<u>22,162,610</u>	<u>25,643,181</u>	

The accompanying notes are an integral part of these financial statements.

STATE REQUIRED SCHEDULE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF TRINIDAD
		YEAR ENDING: December 31, 2016
This Information From The Records Of (example - City of _ or County of City Of Trinidad	Prepared By: Cheryl Navarette	Phone: 719-846-9843 x121

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		AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	745,115
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	622,813
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	124,563
2. General fund appropriations	614,757	b. Snow and ice removal	249,126
3. Other local imposts (from page 2)	1,193,954	c. Other	
4. Miscellaneous local receipts (from page 2)	29,042	d. Total (a. through c.)	373,689
5. Transfers from toll facilities		4. General administration & miscellaneous	17,553
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	423,851
a. Bonds - Original Issues		6. Total (1 through 5)	2,183,021
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,837,753	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	345,268	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,183,021	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,183,021

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,183,021	2,183,021		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on Investments	
b. Other local imposts:		b. Traffic Fines & Penalties	27,068
1. Sales Taxes	696,265	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	1,974
5. Specific Ownership &/or Other	497,689	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,193,954	h. Other	
c. Total (a. + b.)	1,193,954	i. Total (a. through h.)	29,042
	(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	311,328	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	33,940	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	33,940	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	345,268	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		11,826	11,826
c. Construction:			
(1). New Facilities		-	0
(2). Capacity Improvements		-	0
(3). System Preservation		733,289	733,289
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	733,289	733,289
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	745,115	745,115
			(Carry forward to page 1)

Notes and Comments: