

*the City of*  
**DURANGO, COLORADO**  
2017



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June 19, 2018

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*for the year ending December 31, 2017*



# CITY OF DURANGO, COLORADO

*COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the year ended December 31, 2017*

Prepared by the Finance Department  
Julie Brown, Finance Director



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**CITY OF DURANGO, COLORADO**  
*Comprehensive Annual Financial Report*  
*For The Year Ended December 31, 2017*

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(Unaudited)**

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## **INTRODUCTORY SECTION**



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June 7, 2018

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

The Charter of the City of Durango and State law require local governments to publish the results of its annual audit and a comprehensive report of financial statements. The report is to conform to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of Durango, Colorado for the fiscal year ended December 31, 2017.

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

The City of Durango's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2017, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of Durango for fiscal year 2017 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

### ***Profile of the City of Durango***

The City of Durango, incorporated in 1881, is located in southwest Colorado in the area known as the Four Corners, where the states of Colorado, Arizona, Utah and New Mexico converge. As the county seat for La Plata County, Durango is a regional hub for commerce. It is also home to Fort Lewis College, a four-year state college with approximately 4,000 students. The City has a population of 18,503 residents and encompasses 13.98 square miles.

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 92 as part of the Required Supplementary Information. For all other budgeted funds, these comparisons are presented in the Supplementary Information subsection, which starts on page 93.

### ***Factors Affecting Financial Condition***

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

**Local economy:** Financially, fiscal 2017 showed increases over previous years. According to the Fort Lewis College Office of Economic analysis and Business research, tourism now generates approximately 28% of all economic activity in La Plata County. Lodgers' tax, which is one of the economic indicators for tourism strength, increased 2.8% in 2017 over 2016, in comparison to the 7.5% increase in 2016 over 2015. Riders on the Durango & Silverton Narrow Gauge Railroad showed a slight increase between 2016 and 2017. Enplanements at the Durango La Plata County Airport saw a slight decrease of approximately .02% in 2017 over the prior year. Mesa Verde visitors showed an increase of over 30,000 visitors in 2017 over 2016.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years since the downturn in 2009. 2016 sales tax revenues were up 2.7% from 2015 while 2017 revenues were up 1.4% over 2016. Sales tax continues to improve and a moderate forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango's economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx opened at the Durango Mall in 2012, a new Tractor Supply and Sally's Beauty Supply opened in 2013, and in 2017 a new Ross opened at the Durango Mall. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4<sup>th</sup> of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: Top-Rated Vacation Destinations in North America by *Expedia* (2017), Americans 10 Best Mountain Biking Towns by *National Geographic Adventure* (2017), Best Summer Fishing Trips by *Field & Stream Magazine* (2017), Colorado's Most Picturesque Places by *Los Angeles Pulse* (2017), Best Small Towns in Colorado by *Thrillist* (2017), Best Fall Train Rides by *5280 Magazine* (2017), America's Best College Towns by *The Cheat Sheet* (2017), Best of the West – Durango by *The Arizona Republic* (2017), Top 5 Family Friendly Ski Resorts for Spring Break by *U.S. World News* (2017), and The Most Christmas-y Towns in America by *MSN Travel* (2017).

City building activity proved more robust in 2017 compared to previous years. The total number of new housing units in 2017 (355) surpassed all annual year totals including the boom years of 2003-2007, in all of these categories: new single family, new attached single family, duplex, and new multifamily. The amount of residential remodels or additions in 2017 remained consistent with 2016, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction also exceeded the previous years' 5 year high, and almost doubled the 2016 number.

City sales tax collections for 2017 showed an increase of 1.4% over 2016 collections. Through March 2018, city sales tax collections are showing an increase of 1.5% over 2016. Locally in 2017 we saw increases in growth and employment. Real estate values have increased slightly and housing prices remain a problem for low to moderate income families. The median price of a single-family home in Durango decreased 3.28% over the previous year. The average sales price of a single family home in Durango for 2017 increased 5.2% over 2016.

According to the Office of State Planning and Budgeting, Colorado and the nation are both expected to see ongoing economic expansion. Per capita personal income and average annual pay remain above the national average, as a tighter labor market puts upward pressure on wages. Current recession risk appears low and the tax changes enacted at the federal level are expected to increase business investment. Local conditions around the State remain mixed as some areas have been hit harder than others; however, Colorado has seen slight improvements to the agricultural industry as well as nonagricultural employment and housing. Colorado's economic growth rebounded at the end of 2016 following slower economic conditions in 2015 and 2016. In 2017, Colorado employment increased corresponding with those of the national labor market. The unemployment rate in Colorado is averaging 2.8% for calendar year 2017. Employment growth continued to increase at a rate of 2.2%. Historically, the Colorado economy has tended to lag the national economy, so any serious downturn in the national condition eventually works its way to Colorado. Weakness and uncertainty at the national level have fed into economic indicators in Colorado, but a strong energy sector and reasonable housing fundamentals should ensure that the state remains insulated from the worst of the impacts to the rest of the country.

**Long-term financial planning:** The City budget includes a five-year capital improvement program. Over the next five years, it is anticipated that the City will initiate or complete projects in excess of \$165,464,986. On an annual basis the City sets its priorities and designates sources of funding for those projects for the next five years. Because the program is reviewed annually in conjunction with the budget, it is very dynamic and flexible. Infrastructure

needs continue to be a top priority. Major street improvements, water mains, water treatment plant construction, wastewater treatment plant upgrades, and storm drainage improvements are all scheduled over the next five years. Major public works projects scheduled for 2018 include reconstruction of Thomas Avenue and \$3.4 million in water and sewer projects. Over \$5 million dollars will be spent in 2018 on park and recreation projects. Streets and associated improvements remain a priority over the next five years. Major improvements to Main Avenue and Second Avenue are all programmed. Traffic congestion as the county's population grows remains an issue that must be addressed. The City was fortunate to receive voter approval at the April 2005 municipal election to increase City sales and use taxes by an additional one-half percent. The proceeds of the new tax are restricted with 50% of the revenue allocated to parks, open space, and trails and 50% to capital improvements.

**Debt Management:** The ratio of net general bonded debt to assessed valuation and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. The City does not have any general obligation debt outstanding. At December 31, 2017 the City had \$21,735,000 of sales and use tax revenue bonds, series 2016, series 2008, series 2009, and series 2017, outstanding. All required debt covenants are currently being met. In addition, an additional \$4,000,000 was borrowed to secure water rights and water storage for many years to come. There was \$3,280,556 outstanding at December 31, 2017 and this loan is being repaid by the Water Fund. Certificates of participation were issued in the amount of \$2,700,000 in 2014 for the construction of Wilson Gulch Road in Three Springs development. This road will provide the impetus for future commercial development in the area. There was \$2,400,000 outstanding at December 31, 2017. In 2016, the City borrowed \$62,200,000 to construct a new water reclamation facility to replace the old outdated wastewater treatment plant. This loan is being repaid by the Sewer Fund. At December 31, 2017 \$58,620,379 was outstanding.

**Major Initiatives:** The City continues to work toward financial sustainability. In 2017 as well as in the 2018 budget major initiatives are set forth to take the city into the future. Infrastructure maintenance and building up fund balance in all funds continues to be a top priority. Recognizing the value of our employees continues to be an important aspect of our budget as well as customer service and citizen engagement. As we strive to achieve these goals and initiatives we continue to meet all financial goals and objectives.

*Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Durango for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the thirty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

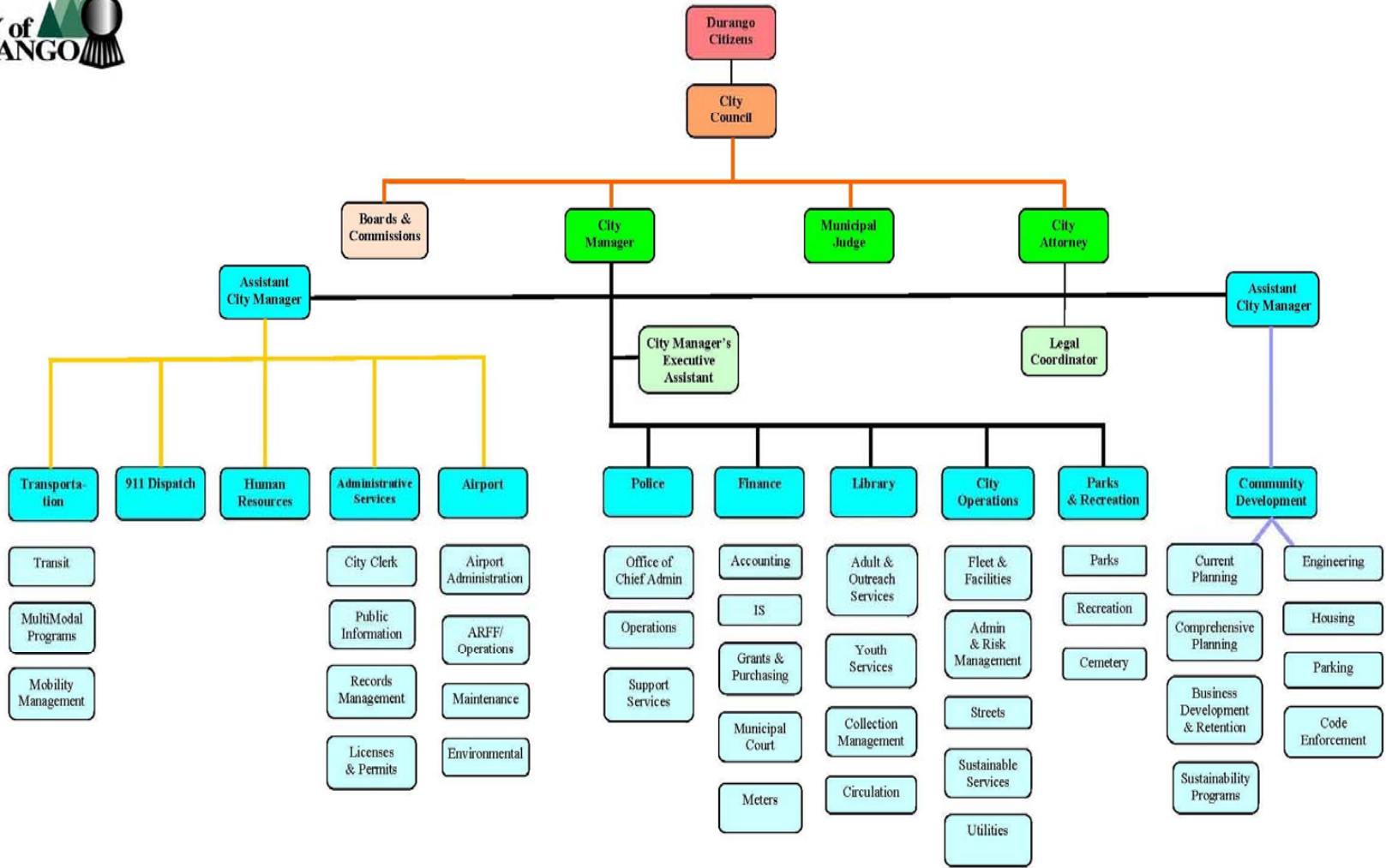
The preparation and completion of this report on a timely basis could not have been accomplished without the dedication and efficiency of the entire staff of the Finance Department. This report is, indeed, a tribute to our accounting and data processing staff who worked long and hard in preparing the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

Respectfully submitted,

  
Ronald P. LeBlanc  
City Manager

  
Julie L. Brown  
Finance Director

**Organization Chart for the City of Durango 9/1/2017**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Durango**  
**Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

**City of Durango, Colorado**  
*List of Elected and Appointed Officials*

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**Elected Officials: City Council**

|                 |                |
|-----------------|----------------|
| Richard White   | Mayor          |
| Sweetie Marbury | Mayor Pro Tem  |
| Chris Bettin    | Council Member |
| Dean Brookie    | Council Member |
| Melissa Youssef | Council Member |

**Council Appointed Officials**

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

**Department Directors**

|   |                |
|---|----------------|
| 911 Communications Director                             | Phil Campbell  |
| Administrative Services Director                        | Amy Phillips   |
| Assistant City Manager/Community Development Director   | Kevin Hall     |
| Assistant City Manager/Transportation Services Director | Amber Blake    |
| Aviation Director                                       | Tony Vicari    |
| City Operations Director                                | Levi Lloyd     |
| Finance Director  | Julie Brown    |
| Human Resources Director                                | Crystal Twedt  |
| Library Director  | Sandy Irwin    |
| Parks and Recreation Director                           | Catherine Metz |
| Police Services Director                                | Kamran Afzal   |



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## FINANCIAL SECTION



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango as of December 31, 2017, 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.

### **Emphasis of a Matter**

#### *Correction of an error*

As discussed in Note 2-D, the City restated its net position for governmental activities and business-type activities, and individual fund balances as of January 1, 2017 due to a correction of an error for interest receivable, intergovernmental receivables, and the related revenues. A summary of the restatements is presented in Note 2-D.

Our auditors' opinions were not modified with respect to the restatements.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of pension contributions, and budgetary comparison information on pages 25-34 and pages 89-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Honorable Mayor and Members of the City Council  
City of Durango

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Durango's basic financial statements for the year ended December 31, 2016, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durango, Colorado's basic financial statements as a whole. The comparative statements and schedules presented as supplementary information as listed in the table of contents contain information for the year ended December 31, 2016 and are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 information contained in those statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2018, on our consideration of the City of Durango's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Durango's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Durango's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
June 6, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Durango, Colorado (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$302,883,310 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$240,616,847 include property, plant, and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$3,027,602 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$59,238,861 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$17,608,828 this year. This compares to the prior year ending fund balance of \$19,422,003 showing a decrease of \$1,814,737 during the current year.
- At the end of the current fiscal year, unassigned and assigned fund balance for the General Fund was \$4,791,387, or 13% of total General Fund expenditures and other financing uses.
- Overall, the City continues to maintain a strong financial position.

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

### Overview of the Financial Statements

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

#### *Government-wide Financial Statements*

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

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

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

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

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

### ***Fund Financial Statements***

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

The City has three kinds of funds:

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

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

The basic governmental fund financial statements are presented on pages 39 through 42 of this report. Individual fund information for nonmajor governmental funds is found in combining statements in the supplementary section of this report.

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

The basic enterprise fund financial statements are presented on pages 43 through 45 of this report. Individual fund information for nonmajor enterprise funds is found in the combining statements in the supplementary section of this report.

### ***Notes to the Basic Financial Statements***

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information is on page 89 of this report.

**Supplementary Information**

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds can be found in the supplementary section of this report beginning on page 93.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources at fiscal year-end exceeded liabilities and deferred inflows of resources by \$302,883,310. The following table provides a summary of the City's net position:

**Statement of Net Position**

|  | Governmental<br>Activities |                       | Business-Type<br>Activities |                      | Total                 |                       |
|--|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
|  | 2017                       | 2016                  | 2017                        | 2016                 | 2017                  | 2016                  |
| <b>Assets:</b>                                       |                            |                       |                             |                      |                       |                       |
| Curent and other assets                              | \$ 46,243,007              | \$ 49,211,658         | \$ 77,131,477               | \$ 85,381,967        | \$ 123,374,484        | \$ 134,593,625        |
| Capital assets                                       | 192,635,502                | 187,411,990           | 88,137,058                  | 68,773,076           | 280,772,560           | 256,185,066           |
| Total assets   | <u>238,878,509</u>         | <u>236,623,648</u>    | <u>165,268,535</u>          | <u>154,155,043</u>   | <u>404,147,044</u>    | <u>390,778,691</u>    |
| <b>Deferred outflows of resources</b>                |                            |                       |                             |                      |                       |                       |
| Loss on refunding                                    | 401,927                    | -                     | -                           | -                    | 401,927               | -                     |
| Change in investment earnings                        | 157,477                    | 144,760               | -                           | -                    | 157,477               | 144,760               |
| Pension contributions subsequent to measurement date | 249,148                    | 228,363               | -                           | -                    | 228,363               | 228,363               |
| Total Deferred Outflow of Resources                  | <u>808,552</u>             | <u>373,123</u>        | <u>-</u>                    | <u>-</u>             | <u>385,840</u>        | <u>373,123</u>        |
| <b>Liabilities:</b>                                  |                            |                       |                             |                      |                       |                       |
| Other liabilities                                    | 3,292,816                  | 3,474,546             | 5,657,238                   | 1,479,970            | 8,950,054             | 4,954,516             |
| Long-term liabilities                                | 28,340,264                 | 30,447,775            | 63,432,129                  | 65,961,200           | 91,772,393            | 96,408,975            |
| Total liabilities                                    | <u>31,633,080</u>          | <u>33,922,321</u>     | <u>69,089,367</u>           | <u>67,441,170</u>    | <u>100,722,447</u>    | <u>101,363,491</u>    |
| <b>Deferred inflows of resources</b>                 |                            |                       |                             |                      |                       |                       |
| Property taxes                                       | 1,349,839                  | 1,294,068             | -                           | -                    | 1,268,784             | 1,268,784             |
| Total deferred inflows of resources                  | <u>1,349,839</u>           | <u>1,294,068</u>      | <u>-</u>                    | <u>-</u>             | <u>1,268,784</u>      | <u>1,268,784</u>      |
| <b>Net position:</b>                                 |                            |                       |                             |                      |                       |                       |
| Net investments in capital assets                    | 168,087,849                | 160,730,499           | 72,528,998                  | 65,312,858           | 240,616,847           | 226,043,357           |
| Restricted   | 3,027,602                  | 8,532,447             | -                           | -                    | 3,027,602             | 8,532,447             |
| Unrestricted   | 35,588,691                 | 32,517,436            | 23,650,170                  | 21,401,015           | 59,238,861            | 53,918,451            |
| Total net position                                   | <u>\$ 206,704,142</u>      | <u>\$ 201,780,382</u> | <u>\$ 96,179,168</u>        | <u>\$ 86,713,873</u> | <u>\$ 302,883,310</u> | <u>\$ 288,494,255</u> |

By far the largest portion of the City's net position (79.4%) reflects its investment in capital assets, including infrastructure, less any related debt used to acquire those assets that is still outstanding. The City of Durango uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Durango's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to pay the annual debt service must be provided from other sources, since the capital assets themselves cannot be used to pay the debt.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**December 31, 2017**

**City of Durango, Colorado**

At the end of the current fiscal year, the City of Durango is able to report positive balances in the government as a whole, as well as for both its governmental activities and business-type activities. Governmental activities showed positive growth. Net position increased \$5,840,552 for governmental activities. The City's overall financial position improved during fiscal year 2017.

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

**Summary of Changes In Net Position**

|                                 | <b>Governmental</b>   |                       | <b>Business-Type</b> |                      | <b>Total</b>          |                       |
|---------------------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
|                                 | <b>Activities</b>     |                       | <b>Activities</b>    |                      |                       |                       |
|                                 | <b>2017</b>           | <b>2016</b>           | <b>2017</b>          | <b>2016</b>          | <b>2017</b>           | <b>2016</b>           |
| Revenues:                       |                       |                       |                      |                      |                       |                       |
| Program:                        |                       |                       |                      |                      |                       |                       |
| Charges for services            | \$ 5,000,549          | \$ 8,495,507          | \$ 19,022,087        | \$ 17,658,872        | \$ 24,022,636         | \$ 26,154,379         |
| Operating grants                | 1,904,987             | 1,057,299             | 1,005,912            | 1,027,923            | 2,910,899             | 2,085,222             |
| Capital grants                  | 5,288,510             | 4,580,550             | 6,185,080            | 4,429,964            | 11,473,590            | 9,010,514             |
| General:                        |                       |                       |                      |                      |                       |                       |
| Taxes                           | 36,893,549            | 35,665,595            | -                    | -                    | 36,893,549            | 35,665,595            |
| Other                           | 2,113,689             | 1,534,734             | 469,064              | 551,856              | 2,582,753             | 2,086,590             |
| Total revenues                  | <u>51,201,284</u>     | <u>51,333,685</u>     | <u>26,682,143</u>    | <u>23,668,615</u>    | <u>77,883,427</u>     | <u>75,002,300</u>     |
| Program Expenses:               |                       |                       |                      |                      |                       |                       |
| General government              | 8,855,109             | 9,568,011             | -                    | -                    | 8,855,109             | 9,568,011             |
| Public safety                   | 12,335,341            | 12,242,685            | -                    | -                    | 12,335,341            | 12,242,685            |
| Public works                    | 4,748,322             | 7,543,224             | -                    | -                    | 4,748,322             | 7,543,224             |
| Parks and recreation            | 13,907,700            | 7,886,241             | -                    | -                    | 13,907,700            | 7,886,241             |
| Library                         | 2,198,153             | 2,123,310             | -                    | -                    | 2,198,153             | 2,123,310             |
| Community services              | 1,323,105             | 1,432,160             | -                    | -                    | 1,323,105             | 1,432,160             |
| Economic development            | 706,821               | 806,000               | -                    | -                    | 706,821               | 806,000               |
| Interest                        | 794,934               | 1,136,023             | -                    | -                    | 794,934               | 1,136,023             |
| Joint venture airport           | 300,236               |                       |                      |                      |                       |                       |
| Water                           | -                     | -                     | 5,539,135            | 4,949,709            | 5,539,135             | 4,949,709             |
| Sewer                           | -                     | -                     | 5,207,201            | 3,662,081            | 5,207,201             | 3,662,081             |
| Sustainable services            | -                     | -                     | 2,566,943            | 2,397,968            | 2,566,943             | 2,397,968             |
| Transit                         | -                     | -                     | 3,769,823            | 3,771,789            | 3,769,823             | 3,771,789             |
| Total expenses                  | <u>45,169,721</u>     | <u>42,737,654</u>     | <u>17,083,102</u>    | <u>14,781,547</u>    | <u>62,252,823</u>     | <u>57,519,201</u>     |
| Excess (deficiency)             | 6,031,563             | 8,596,031             | - 9,599,041          | - 8,887,068          | 15,630,604            | - 17,483,099          |
| Transfers                       | (191,011)             | (363,373)             | 191,011              | 363,373              | -                     | -                     |
| Change in net position          | <u>5,840,552</u>      | <u>8,232,658</u>      | <u>9,790,052</u>     | <u>9,250,441</u>     | <u>15,630,604</u>     | <u>17,483,099</u>     |
| Beginning net position          | <u>201,780,382</u>    | <u>193,547,724</u>    | <u>86,713,873</u>    | <u>77,463,432</u>    | <u>28,844,255</u>     | <u>271,011,156</u>    |
| Restatement of net position     | (916,792)             | -                     | (324,757)            | -                    | (1,241,549)           | -                     |
| Beginning net position restated | <u>200,863,590</u>    | <u>-</u>              | <u>86,389,116</u>    | <u>-</u>             | <u>287,252,706</u>    | <u>-</u>              |
| Ending net position             | <u>\$ 206,704,142</u> | <u>\$ 201,780,382</u> | <u>\$ 96,179,168</u> | <u>\$ 86,713,873</u> | <u>\$ 302,883,310</u> | <u>\$ 288,494,255</u> |

**GOVERNMENTAL REVENUES**

The City is heavily reliant on sales and use taxes to support governmental operations. City tax revenues account for 72.1% of the revenues for governmental activities. The City increased the sales and use tax rate from 2.5% to 3.0%, effective July 1, 2005. The increased revenue from the additional tax is restricted by voter authorization. Because of the City's healthy

financial position, we have been able to earn \$145,168 in interest earnings to support governmental activities. Program revenues covered 27% of governmental operating expenses in 2017. This means that the government's taxpayers and the City's other general revenues funded the balance of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams. Program revenues for fiscal 2016 covered 33% of governmental operating expenses.

### GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety comprises 19.8% of the City's total expenses and 27.3% of the total governmental expenses. Parks and recreation makes up 8% of the total expenses and 10% of the total governmental expenses. General government and public works are 19% and 31% of total governmental expenses. The overall increase in governmental expenses was 5.7% over the prior fiscal year.

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

|                            | Governmental Activities   |                        |                         |                        |
|----------------------------|---------------------------|------------------------|-------------------------|------------------------|
|                            | Total Cost<br>of Services | Percentage<br>of Total | Net Cost<br>of Services | Percentage<br>of Total |
| General government         | \$ 8,855,109              | 19%                    | \$ 6,585,478            | 20%                    |
| Public safety              | 12,335,341                | 27%                    | 11,048,761              | 34%                    |
| Public works               | 4,748,322                 | 10%                    | 531,753                 | 2%                     |
| Parks and recreation       | 13,907,700                | 31%                    | 9,588,964               | 29%                    |
| Library                    | 2,198,153                 | 5%                     | 2,095,623               | 6%                     |
| Community services         | 1,323,105                 | 3%                     | 1,323,105               | 4%                     |
| Economic development       | 706,821                   | 2%                     | 706,821                 | 2%                     |
| Interest on long-term debt | 794,934                   | 2%                     | 794,934                 | 2%                     |
| Joint venture airport      | 300,236                   | 1%                     | 300,236                 | 1%                     |
| Total                      | <u>\$ 45,169,721</u>      | <u>100%</u>            | <u>\$ 32,975,675</u>    | <u>100%</u>            |

As indicated, public safety consists of approximately 27% of the gross costs of the governmental activities and 34% of the net costs. The parks and recreation function has the best cost recovery. Recreation center fees and recreation program revenues are set to recover approximately 90% of the expenses for the center and recreation programs. The City received more in the form of contributions and capital grants and less in the form of operating in 2017. While these program revenues can vary in any given year, the corresponding acquisition of assets does not appear as a program expense. For that reason, program revenues can fluctuate dramatically from year to year depending on the amount of capital grants and contributions received. For the most part, increases in expenses reflect inflationary pressures on supplies and purchased services rather than increases in programs or services provided by the City.

### BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$9,790,052. Key elements of business-type activities net position are as follows:

The operating revenues for all of the enterprise funds were 7.5% greater than 2016 and operating expenses were 11.7% more than 2016. Within the total business type activities of the City, these activities reported an operating income of \$3,021,950 compared to an operating income of \$3,381,512 for the prior year. Non-operating revenue decreased by \$1,890,714 from 2016. Capital contributions for 2017 were \$5,776,898. Capital contributions include developer contributions of capital assets, capital grants, and plant investment fees.

The water utility accounts for approximately 35.1% of operating revenues and 33.9% of operating expenses. This utility reported a net increase in net position of \$5,940,450. The water utility had an operating income of \$1,246,131 and capital contributions of approximately \$4,606,350.

The sewer fund continues to focus on infrastructure replacement and repair. Net operating income for 2017 was \$3,267,148 in comparison to \$3,795,616 in 2016.

Financial Analysis of the City's Funds

***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$17,608,828. Of this year-end total, approximately \$13,518,887 is restricted, committed or assigned fund balance, approximately \$2,310,255 of that amount in the general fund with the remainder of \$11,208,632 million in the capital projects funds and other governmental funds.

The total ending fund balances of governmental funds show a decrease of \$1,813,175 over the prior year. This decrease is primarily the result of the events and programs in the Open Space, Parks and Trails fund and completion of large capital projects. The Capital Projects Fund fund balance had an increase of approximately \$3.6 million due to capital projects funded but not yet expended.

***Major Governmental Funds***

***The General Fund:***

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$81,500. In fiscal year 2016, the fund balance decreased by \$1,388,950. Transfers out of the general fund to the capital projects funds decreased slightly to \$2,175,000 to support the City's desire to reinstate spending between one and two million dollars annually from the general fund on capital projects. Several street projects were given priority in the capital projects fund as the Council's desire to protect infrastructure was funded.

Total revenues for 2017 were \$36,242,098 an increase of \$1,607,004 or 4.6% over 2016. City sales taxes increased by \$144,909 or 0.9% over that recognized in 2016. City use taxes increased 37% (\$322,322) over collections in 2016. Use tax collections can be volatile in the current economic environment. The construction industry has begun to recover compared to previous years. The remaining revenue sources were comparable with the prior year.

Expenditures for 2017 were \$34,889,366 an increase of 3.7% over fiscal 2016. Public safety expenditures increased compared to the previous year with an increase in expenditures of approximately 2.1% overall. This function includes police services, the communication center and the city's contract for fire and rescue services. Active recruiting and full staffing levels contributed to the increase in expenditures.

Public works expenditures increased 0.3% over actual for 2016. Maintenance costs for materials, limited snow removal from major snowstorms and increases in fuel and utility charges for street lighting had a major impact on public works expenditures this year although other expenditures were kept in line.

Parks and Recreation expenditures increased at a rate of 6.9% over last year. In 2016, the City parks and recreation department adopted a lofty goal of achieving a 90% cost recovery for all parks and recreation programs as well as at the recreation center. The City continues to move forward with many sustainable policies and actions to ensure energy savings.

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

The general fund transferred \$2,175,000 to other funds, a decrease of \$770,000 from the prior year. As fund balance is used for infrastructure the available amount to be transferred to the capital projects fund was limited. The City traditionally transfers between \$1,000,000 to \$2,000,000 annually for capital projects. This amount fluctuates based on available resources in any given

year and staff's ability to administer additional projects. Capital projects, once the City Council authorizes them, carry forward until completion.

***The Capital Projects Fund***

The capital projects fund at December 31, 2017 had authorized projects either completed or underway in excess of \$16 million dollars. In addition to transfers in from the general fund and other special revenue funds, the capital projects fund received intergovernmental revenues of approximately \$139,728 for the year 2017.

***The Capital Improvements Fund***

The capital improvements fund received sales and use tax revenues of approximately \$2.1 million in 2017. Debt service on two large projects, the library and Florida Road construction, is paid from these revenues.

***The Parks, Open Space & Trails Fund***

The parks, open space & trails fund at December 31, 2017 had authorized projects underway in excess of just over \$6.9 million dollars. This fund received sales and use tax revenues of approximately \$2.1 million.

***The Proprietary Funds***

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

**Budgetary Highlights**

***The General Fund*** – Budget amendments increased the original revenue budget by 2.1% during 2017. Revenue budget amendments were made for grants received and appropriated during 2017. Sales taxes were below budget projections by \$583,828. Use taxes saw a shortfall in the amount of \$5,913. All categories combined for a 3.9% unfavorable variance under the final 2017 budget.

Investment earnings were slightly lower than budget because of lower than anticipated interest rates on securities that the City purchased for its portfolio. The City generally holds investments until maturity and is in the market monthly. The average rate of return has been increasing slowly as rates increase and as the City reinvests matured securities in higher interest rate securities. As interest rates continue to creep up 2018 investment earnings should see an increase.

Budget amendments increased the original expenditure budget by 2.6% during 2017. Total amendments to the expenditures budget were \$917,700.

The final general fund budget for expenditures had a favorable variance of \$1.8 million. City departments traditionally spend less than the approved budget by approximately 5-8% annually and that trend has continued for calendar year 2017.

**Capital Assets and Debt Administration**

***Capital Assets***

The City's net investments in capital assets, for governmental and business-type activities as of December 31, 2017, was \$168,087,849 and \$72,528,998 respectively. The net capital assets for the internal service funds are reported with the governmental activities on the statement of net position. The total increase in the net investment was 4.6% for governmental activities and a 2.5% increase for business-type activities. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

|                               | <b>Capital Assets</b>          |                       |                            |                      |                       |                       |
|-------------------------------|--------------------------------|-----------------------|----------------------------|----------------------|-----------------------|-----------------------|
|                               | <b>Governmental Activities</b> |                       | <b>Business Activities</b> |                      | <b>Total</b>          |                       |
|                               | <b>2017</b>                    | <b>2016</b>           | <b>2017</b>                | <b>2016</b>          | <b>2017</b>           | <b>2016</b>           |
| Non-depreciable assets:       |                                |                       |                            |                      |                       |                       |
| Land                          | \$ 29,987,277                  | \$ 29,070,290         | \$ 5,007,012               | \$ 5,007,011         | \$ 34,994,289         | \$ 34,077,301         |
| Water rights                  | -                              | -                     | 5,852,732                  | 5,852,732            | 5,852,732             | 5,852,732             |
| Consturction in progress      | 9,158,364                      | 7,641,581             | 19,623,773                 | 6,838,734            | 28,782,137            | 14,480,315            |
| Total non-depreciable         | <u>39,145,641</u>              | <u>36,711,871</u>     | <u>30,483,517</u>          | <u>17,698,477</u>    | <u>69,629,158</u>     | <u>54,410,348</u>     |
| Depreciable assets:           |                                |                       |                            |                      |                       |                       |
| Buildings                     | 46,350,168                     | 45,532,755            | 21,805,424                 | 21,362,443           | 68,155,592            | 66,895,198            |
| Improvements                  | 1,101,610                      | 1,101,610             | -                          | -                    | 1,101,610             | 1,101,610             |
| Equipment                     | 23,024,706                     | 20,516,245            | 8,176,496                  | 7,584,889            | 31,201,202            | 28,101,134            |
| Infrastructure                | 223,211,766                    | 215,070,708           | 68,531,876                 | 60,538,619           | 291,743,642           | 275,609,327           |
| Total depreciable assets      | <u>293,688,250</u>             | <u>282,221,318</u>    | <u>98,513,796</u>          | <u>89,485,951</u>    | <u>392,202,046</u>    | <u>371,707,269</u>    |
| Less accumulated depreciation | <u>140,198,389</u>             | <u>131,521,199</u>    | <u>40,860,255</u>          | <u>38,411,355</u>    | <u>181,058,644</u>    | <u>169,932,554</u>    |
| Book value-depreciable assets | <u>153,489,861</u>             | <u>150,700,119</u>    | <u>57,653,541</u>          | <u>51,074,599</u>    | <u>211,143,402</u>    | <u>201,774,715</u>    |
| Percentage depreciated        | <u>48%</u>                     | <u>47%</u>            | <u>41%</u>                 | <u>43%</u>           | <u>45%</u>            | <u>46%</u>            |
| Total book value              | <u>\$ 192,635,502</u>          | <u>\$ 187,411,990</u> | <u>\$ 88,137,058</u>       | <u>\$ 68,773,076</u> | <u>\$ 280,772,560</u> | <u>\$ 256,185,063</u> |

At December 31, 2017, the depreciable capital assets for governmental activities were 48% depreciated. This is comparable to the December 31, 2016 percentage of 47%. This comparison indicates that the City is replacing its assets at a comparable rate as they are depreciating which is a positive indicator.

With the City's business type activities, 41% of the depreciable capital assets were depreciated at December 31, 2017 compared to 43% at December 31, 2016.

Overall, the City's capital assets are depreciated at approximately 45%, which demonstrates the City's continuing investment in capital.

***Long-term Debt***

At the end of the fiscal year, the City had total bonded debt outstanding of \$21,735,000 in sales and use tax revenue bonds. This debt is being retired with sales and use taxes from an authorized 1999 tax (reauthorized in 2015) increase of one-half percent dedicated to the financing and construction of the recreation center and the completion of the Animas River Trail and sales and use taxes from an authorized 2005 tax increase of one quarter percent dedicated to capital improvements. During the year, the City refinanced \$10,310,000 in bonds series 2009. \$1,085,000 was retired during the year in bonds series 2008, or 10.8 % of the beginning outstanding bonded debt balance. The City also retired \$10,475,000 in bonds series 2009, or 59.5% of the beginning outstanding bonded debt balance. The 2016 Sales and Use Tax Refunding Note retired \$980,000 in 2017. In 2013, the City obtained a long-term loan from Colorado Water Resources and Power Development Authority in the amount of \$4,000,000 to purchase water storage and rights for the Water Fund. The term of the loan is 20 years with an interest rate of 1.95%. The city retired principal in the amount of \$179,663 in 2017. The City issued Certificates of Participation in the amount of \$2,700,000 in 2014 to fund construction costs of Wilson Gulch Road, a main road in the Three Springs area that will provide economic activity. The City retired principal in the amount of \$100,000 in 2017. The City received two loans from the Colorado Water Resources and Power Development Authority in 2016 in the amount of \$62,200,000 to fund the construction of the Waste Water Treatment Plant facility. \$2,284,385 was retired on the Sewer loans in 2017.

|   | Outstanding Borrowings |               |               |               |               |               |
|---|------------------------|---------------|---------------|---------------|---------------|---------------|
|   | Governmental           |               | Business-type |               | Total         |               |
|   | 2017                   | 2016          | 2017          | 2016          | 2017          | 2016          |
| Sales & use tax revenue bonds 2008      | \$ 1,135,000           | \$ 2,220,000  | \$ -          | \$ -          | \$ 1,135,000  | \$ 2,220,000  |
| Sales & use tax revenue bonds 2009      | 1,690,000              | 12,165,000    | -             | -             | 1,690,000     | 12,165,000    |
| Certificates of Participation 2014      | 2,400,000              | 2,500,000     | -             | -             | 2,400,000     | 2,500,000     |
| Sales & use revenue refunding note 2016 | 8,600,000              | 9,580,000     | -             | -             | 8,600,000     | 9,580,000     |
| Sales & use revenue refunding note 2017 | 10,310,000             | -             | -             | -             | 10,310,000    | -             |
| Bond premium amortization               | 10,726                 | 216,490       | -             | -             | 10,726        | 216,490       |
| Compensated absences                    | 1,447,721              | 1,328,751     | 294,833       | 300,981       | 1,742,554     | 1,629,733     |
| CWRPDA Water Loan 2013                  | -                      | -             | 3,280,556     | 3,460,219     | 3,280,556     | 3,460,219     |
| CWRPDA Sewer Loan 2016                  | -                      | -             | 56,182,879    | 58,404,764    | 56,182,879    | 58,404,764    |
| CWRPDA 0% Sewer Loan 2016               | -                      | -             | 2,437,500     | 2,500,000     | 2,437,500     | 2,500,000     |
| Loan premium amortization               | -                      | -             | 1,236,362     | 1,295,236     | 1,236,362     | 1,295,236     |
| Total                                   | \$ 25,593,447          | \$ 28,010,241 | \$ 63,432,130 | \$ 65,961,200 | \$ 89,025,577 | \$ 93,971,442 |

### Economic Conditions and Next Year's Budget

Financially, fiscal 2017 showed increases over previous years. According to the Fort Lewis College Office of Economic analysis and Business research, tourism now generates approximately 28% of all economic activity in La Plata County. Lodgers' tax, which is one of the economic indicators for tourism strength, increased 2.8% in 2017 over 2016, in comparison to the 7.5% increase in 2016 over 2015. Riders on the Durango & Silverton Narrow Gauge Railroad showed a slight increase between 2016 and 2017. Enplanements at the Durango La Plata County Airport saw a slight decrease of approximately .02% in 2017 over the prior year. Mesa Verde visitors showed an increase of over 30,000 visitors in 2017 over 2016.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years until the downturn in 2009. 2016 sales tax revenues were up 2.7% from 2015 while 2017 revenues were up 1.4% over 2016. Sales tax continues to improve, and a moderate forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango's economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx opened at the Durango Mall in 2012, a new Tractor Supply and Sally's Beauty Supply opened in 2013, and in 2017 a new Ross opened at the Durango Mall. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4<sup>th</sup> of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: Top-Rated Vacation Destinations in North America by *Expedia* (2017), Americans 10 Best Mountain Biking Towns by *National Geographic Adventure* (2017), Best Summer Fishing Trips by *Field & Stream Magazine* (2017), Colorado's Most Picturesque Places by *Los Angeles Pulse* (2017), Best Small Towns in Colorado by *Thrillist* (2017), Best Fall Train Rides by *5280 Magazine* (2017), America's Best College Towns by *The Cheat Sheet* (2017), Best of the West – Durango by *The Arizona Republic* (2017), Top 5 Family Friendly Ski Resorts for Spring Break by *U.S. World News* (2017), and The Most Christmas-y Towns in America by *MSN Travel* (2017).

City building activity proved more robust in 2017 compared to previous years. The total number of new housing units in 2017 (355) surpassed all annual year totals including the boom years of 2003-2007, in all of these categories: new single family, new attached single family, duplex, and new multifamily. The number of residential remodels or additions in 2017 remained consistent with 2016, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction also exceeded the previous years' 5 year high, and almost doubled the 2016 number.

**Contacting the City's Financial Management**

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



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## BASIC FINANCIAL STATEMENTS

**City of Durango, Colorado**  
**Statement of Net Position**  
**December 31, 2017**

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>          | <u>Component Unit</u> |
|--|------------------------------------|-------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>  |                                    |                                     |                       |                       |
| Cash and investments (Note 3-A)                      | \$ 19,353,507                      | \$ 35,776,096                       | \$ 55,129,603         | \$ 248,708            |
| Receivables:   |                                    |                                     |                       |                       |
| Accounts   | 1,852,875                          | 6,210,631                           | 8,063,506             | -                     |
| Sales taxes  | 2,658,901                          | -                                   | 2,658,901             | -                     |
| Property taxes                                       | 1,349,839                          | -                                   | 1,349,839             | -                     |
| Franchise taxes                                      | 71,723                             | -                                   | 71,723                | -                     |
| Lodgers taxes  | 61,413                             | -                                   | 61,413                | -                     |
| Special assessments                                  | 6,347                              | -                                   | 6,347                 | -                     |
| Interest   | 121,590                            | -                                   | 121,590               | -                     |
| Notes  | -                                  | 35,040,343                          | 35,040,343            | -                     |
| Inventory  | 339,950                            | 104,407                             | 444,357               | -                     |
| Prepaid items  | 18,480                             | -                                   | 18,480                | 500                   |
| Investment in joint venture                          | 20,408,382                         | -                                   | 20,408,382            | -                     |
| <b>Capital Assets (Note 3-D)</b>                     |                                    |                                     |                       |                       |
| Nondepreciable capital assets                        | 39,145,641                         | 30,483,517                          | 69,629,158            | -                     |
| Depreciable capital assets, net                      | 153,489,861                        | 57,653,541                          | 211,143,402           | 5,534                 |
| <b>Total Assets</b>                                  | <u>238,878,509</u>                 | <u>165,268,535</u>                  | <u>404,147,044</u>    | <u>254,742</u>        |
| <b>Deferred Outflows of Resources</b>                |                                    |                                     |                       |                       |
| Loss on refunding                                    | 401,927                            | -                                   | 401,927               | -                     |
| Change in investment earnings                        | 157,477                            | -                                   | 157,477               | -                     |
| Pension contributions subsequent to measurement date | 249,148                            | -                                   | 249,148               | -                     |
| <b>Total Deferred Outflows of Resources</b>          | <u>808,552</u>                     | <u>-</u>                            | <u>808,552</u>        | <u>-</u>              |
| <b>Liabilities</b>                                   |                                    |                                     |                       |                       |
| Accounts payable                                     | 1,664,485                          | 5,062,701                           | 6,727,186             | 2,419                 |
| Accrued expenses                                     | 612,404                            | 171,771                             | 784,175               | -                     |
| Accrued interest payable                             | 46,103                             | 422,766                             | 468,869               | -                     |
| Contracts payable                                    | 770,391                            | -                                   | 770,391               | -                     |
| Unearned revenue                                     | 199,433                            | -                                   | 199,433               | -                     |
| <b>Long-Term Liabilities: (Note 3-H)</b>             |                                    |                                     |                       |                       |
| Net pension liability                                | 2,746,786                          | -                                   | 2,746,786             | -                     |
| Due within one year                                  | 3,904,602                          | 2,771,622                           | 6,676,224             | -                     |
| Due in more than one year                            | 21,688,876                         | 60,660,507                          | 82,349,383            | -                     |
| <b>Total Liabilities</b>                             | <u>31,633,080</u>                  | <u>69,089,367</u>                   | <u>100,722,447</u>    | <u>2,419</u>          |
| <b>Deferred Inflows of Resources</b>                 |                                    |                                     |                       |                       |
| Property taxes                                       | 1,349,839                          | -                                   | 1,349,839             | -                     |
| <b>Total Deferred Inflows of Resources</b>           | <u>1,349,839</u>                   | <u>-</u>                            | <u>1,349,839</u>      | <u>-</u>              |
| <b>Net Position</b>                                  |                                    |                                     |                       |                       |
| Net investment in capital assets (Note 3-J)          | 168,087,849                        | 72,528,998                          | 240,616,847           | -                     |
| Restricted for:                                      |                                    |                                     |                       |                       |
| Capital projects                                     | 1,150,328                          | -                                   | 1,150,328             | -                     |
| Debt service   | 471,353                            | -                                   | 471,353               | -                     |
| Emergencies  | 1,405,921                          | -                                   | 1,405,921             | -                     |
| Unrestricted   | 35,588,691                         | 23,650,170                          | 59,238,861            | 252,323               |
| <b>Total Net Position</b>                            | <u>\$ 206,704,142</u>              | <u>\$ 96,179,168</u>                | <u>\$ 302,883,310</u> | <u>\$ 252,323</u>     |

See accompanying notes to the basic financial statements

**City of Durango, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

| Function/Program  | Program Revenues     |                      |  |                                  | Net Expense (Revenue) and Changes in Net Position |                          |                       |                   |
|---|----------------------|----------------------|--|----------------------------------|---|--------------------------|-----------------------|-------------------|
|   | Expenses             | Charges for Services | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total                 | Component Unit    |
| <b>Primary Government:</b>                              |                      |                      |  |                                  |   |                          |                       |                   |
| <b>Governmental Activities:</b>                         |                      |                      |  |                                  |   |                          |                       |                   |
| General government                                      | \$ 8,855,109         | \$ 1,711,347         | \$ 558,284                                   | \$ -                             | \$ (6,585,478)                                    | \$ -                     | \$ (6,585,478)        | \$ -              |
| Public safety   | 12,335,341           | 42,407               | 1,244,173                                    | -                                | (11,048,761)                                      | -                        | (11,048,761)          | -                 |
| Public works  | 4,748,322            | 1,050                | -  | 4,215,519                        | (531,753)   | -                        | (531,753)             | -                 |
| Parks and recreation                                    | 13,907,700           | 3,245,745            | -  | 1,072,991                        | (9,588,964)                                       | -                        | (9,588,964)           | -                 |
| Library   | 2,198,153            | -                    | 102,530                                      | -                                | (2,095,623)                                       | -                        | (2,095,623)           | -                 |
| Community services                                      | 1,323,105            | -                    | -  | -                                | (1,323,105)                                       | -                        | (1,323,105)           | -                 |
| Economic development                                    | 706,821              | -                    | -  | -                                | (706,821)   | -                        | (706,821)             | -                 |
| Interest  | 794,934              | -                    | -  | -                                | (794,934)   | -                        | (794,934)             | -                 |
| Joint venture airport                                   | 300,236              | -                    | -  | -                                | (300,236)   | -                        | (300,236)             | -                 |
| <b>Total Governmental Activities</b>                    | <b>45,169,721</b>    | <b>5,000,549</b>     | <b>1,904,987</b>                             | <b>5,288,510</b>                 | <b>(32,975,675)</b>                               | <b>-</b>                 | <b>(32,975,675)</b>   | <b>-</b>          |
| <b>Business-type Activities:</b>                        |                      |                      |  |                                  |   |                          |                       |                   |
| Water utility   | 5,539,135            | 6,627,997            | -  | 4,606,350                        | -   | 5,695,212                | 5,695,212             | -                 |
| Sewer utility   | 5,207,201            | 7,680,011            | -  | 1,578,730                        | -   | 4,051,540                | 4,051,540             | -                 |
| Sustainable services                                    | 2,566,943            | 2,467,388            | 21,212                                       | -                                | -   | (78,343)                 | (78,343)              | -                 |
| Transportation Services                                 | 3,769,823            | 2,246,691            | 984,700                                      | -                                | -   | (538,432)                | (538,432)             | -                 |
| <b>Total Business-type Activities</b>                   | <b>17,083,102</b>    | <b>19,022,087</b>    | <b>1,005,912</b>                             | <b>6,185,080</b>                 | <b>-</b>  | <b>9,129,977</b>         | <b>9,129,977</b>      | <b>-</b>          |
| <b>Total - Primary Government</b>                       | <b>\$ 62,252,823</b> | <b>\$ 24,022,636</b> | <b>\$ 2,910,899</b>                          | <b>\$ 11,473,590</b>             | <b>(32,975,675)</b>                               | <b>9,129,977</b>         | <b>(23,845,698)</b>   | <b>-</b>          |
| <b>Component Unit</b>                                   |                      |                      |  |                                  |   |                          |                       |                   |
| Durango Conference Center Business Improvement District | \$ 257,821           | \$ 26,379            | \$ -   | \$ -                             | -   | -                        | -                     | (231,442)         |
| <b>General Revenues</b>                                 |                      |                      |  |                                  |   |                          |                       |                   |
| Property taxes levied for:                              |                      |                      |  |                                  |   |                          |                       |                   |
| General government purposes                             |                      |                      |  |                                  | 1,283,416   | -                        | 1,283,416             | 262,279           |
| Specific ownership tax                                  |                      |                      |  |                                  | 141,411   | -                        | 141,411               | -                 |
| Sales tax   |                      |                      |  |                                  | 23,370,394  | -                        | 23,370,394            | -                 |
| Use tax   |                      |                      |  |                                  | 1,791,040   | -                        | 1,791,040             | -                 |
| Sales and use tax audit                                 |                      |                      |  |                                  | 349,562   | -                        | 349,562               | -                 |
| La Plata County shared sales tax                        |                      |                      |  |                                  | 4,077,966   | -                        | 4,077,966             | -                 |
| La Plata County joint sales tax                         |                      |                      |  |                                  | 2,063,007   | -                        | 2,063,007             | -                 |
| Other taxes   |                      |                      |  |                                  | 1,026,266   | -                        | 1,026,266             | -                 |
| Franchise fees and occupational taxes                   |                      |                      |  |                                  | 1,722,803   | -                        | 1,722,803             | -                 |
| Lodgers taxes   |                      |                      |  |                                  | 1,067,684   | -                        | 1,067,684             | -                 |
| Investment earnings                                     |                      |                      |  |                                  | 145,168   | 174,242                  | 319,410               | -                 |
| Miscellaneous   |                      |                      |  |                                  | 1,968,521   | 294,822                  | 2,263,343             | -                 |
| <b>Total General Revenues</b>                           |                      |                      |  |                                  | <b>39,007,238</b>                                 | <b>469,064</b>           | <b>39,476,302</b>     | <b>262,279</b>    |
| <b>Transfers</b>  |                      |                      |  |                                  | <b>(191,011)</b>                                  | <b>191,011</b>           | <b>-</b>              | <b>-</b>          |
| <b>Total General Revenues and Transfers</b>             |                      |                      |  |                                  | <b>38,816,227</b>                                 | <b>660,075</b>           | <b>39,476,302</b>     | <b>262,279</b>    |
| <b>Change in Net Position</b>                           |                      |                      |  |                                  | <b>5,840,552</b>                                  | <b>9,790,052</b>         | <b>15,630,604</b>     | <b>30,837</b>     |
| <b>Net Position Beginning of Year - Restated</b>        |                      |                      |  |                                  | <b>200,863,590</b>                                | <b>86,389,116</b>        | <b>287,252,706</b>    | <b>221,486</b>    |
| <b>Net Position End of Year</b>                         |                      |                      |  |                                  | <b>\$ 206,704,142</b>                             | <b>\$ 96,179,168</b>     | <b>\$ 302,883,310</b> | <b>\$ 252,323</b> |

See accompanying notes to the basic financial statements

**City of Durango, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

|  | General              | Capital<br>Projects Fund | Capital<br>Improvements<br>Fund | Parks, Open<br>Space and<br>Trails Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|---------------------------------|---|--------------------------------|--------------------------------|
| <b>Assets</b>  |                      |                          |                                 |   |                                |                                |
| Cash on hand   | \$ 8,049             | \$ -                     | \$ -                            | \$ -                                    | \$ -                           | \$ 8,049                       |
| Equity in treasurer's cash and investments                                     | 4,120,576            | 9,405,470                | 961                             | 207,287                                 | 1,040,493                      | 14,774,787                     |
| Cash held in escrow  | 567,561              | -                        | -                               | -                                       | -                              | 567,561                        |
| Receivables:   |                      |                          |                                 |   |                                |                                |
| Accounts   | 272,922              | -                        | -                               | -                                       | 40,054                         | 312,976                        |
| Property taxes   | 1,349,839            | -                        | -                               | -                                       | -                              | 1,349,839                      |
| Sales taxes  | 1,772,689            | -                        | 221,486                         | 221,486                                 | 443,239                        | 2,658,900                      |
| Franchise taxes  | 71,723               | -                        | -                               | -                                       | -                              | 71,723                         |
| Lodger's taxes   | -                    | -                        | -                               | -                                       | 61,413                         | 61,413                         |
| Special assessments  | 6,347                | -                        | -                               | -                                       | -                              | 6,347                          |
| Intergovernmental  | 769,924              | -                        | -                               | 394,518                                 | -                              | 1,164,442                      |
| Interest   | 121,590              | -                        | -                               | -                                       | -                              | 121,590                        |
| Interfund  | 966,000              | -                        | -                               | -                                       | -                              | 966,000                        |
| Inventory  | 51,539               | -                        | -                               | -                                       | -                              | 51,539                         |
| <b>Total Assets</b>  | <u>\$ 10,078,759</u> | <u>\$ 9,405,470</u>      | <u>\$ 222,447</u>               | <u>\$ 823,291</u>                       | <u>\$ 1,585,199</u>            | <u>\$ 22,115,166</u>           |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b>       |                      |                          |                                 |   |                                |                                |
| <b>Liabilities</b>   |                      |                          |                                 |   |                                |                                |
| Accounts payable   | \$ 700,566           | \$ 241,912               | \$ -                            | \$ 144,416                              | \$ -                           | \$ 1,086,894                   |
| Accrued expenditures   | 589,781              | -                        | -                               | -                                       | -                              | 589,781                        |
| Interfund payable  | -                    | -                        | 291,000                         | -                                       | 219,000                        | 510,000                        |
| Deposits   | 770,391              | -                        | -                               | -                                       | -                              | 770,391                        |
| Unearned revenue   | 199,433              | -                        | -                               | -                                       | -                              | 199,433                        |
| <b>Total Liabilities</b>   | <u>2,260,171</u>     | <u>241,912</u>           | <u>291,000</u>                  | <u>144,416</u>                          | <u>219,000</u>                 | <u>3,156,499</u>               |
| <b>Deferred Inflows of Resources</b>   |                      |                          |                                 |   |                                |                                |
| Property taxes   | 1,349,839            | -                        | -                               | -                                       | -                              | 1,349,839                      |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>1,349,839</u>     | <u>-</u>                 | <u>-</u>                        | <u>-</u>                                | <u>-</u>                       | <u>1,349,839</u>               |
| <b>Fund Balances</b>   |                      |                          |                                 |   |                                |                                |
| Nonspendable   | 51,539               | -                        | -                               | -                                       | -                              | 51,539                         |
| Restricted   | 1,479,416            | -                        | -                               | 678,875                                 | 944,949                        | 3,103,240                      |
| Committed  | 146,407              | 9,163,558                | -                               | -                                       | 381,196                        | 9,691,161                      |
| Assigned   | 684,432              | -                        | -                               | -                                       | 40,054                         | 724,486                        |
| Unassigned   | 4,106,955            | -                        | (68,553)                        | -                                       | -                              | 4,038,402                      |
| <b>Total Fund Balances</b>   | <u>6,468,749</u>     | <u>9,163,558</u>         | <u>(68,553)</u>                 | <u>678,875</u>                          | <u>1,366,199</u>               | <u>17,608,828</u>              |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <u>\$ 10,078,759</u> | <u>\$ 9,405,470</u>      | <u>\$ 222,447</u>               | <u>\$ 823,291</u>                       | <u>\$ 1,585,199</u>            | <u>\$ 22,115,166</u>           |

See accompanying notes to the basic financial statements

**City of Durango, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2017**

**Total Governmental Fund Balances** \$ 17,608,828

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

|  |                |             |
|--|----------------|-------------|
| Cost of capital assets including investment in joint venture | \$ 338,381,339 |             |
| Less accumulated depreciation                                | (131,461,216)  | 206,920,123 |

|  |  |             |
|--|--|-------------|
| Net Pension liabilities are not recognized at the fund level but are reported at the government-wide level |  | (2,746,786) |
|--|--|-------------|

Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds

|  |            |         |
|--|------------|---------|
| Change in investment earnings                | \$ 157,477 |         |
| Loss on refunding of bonds                   | 401,927    |         |
| Contributions subsequent to measurement date | 249,148    | 808,552 |

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

9,676,426

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

|                                    |                 |              |
|------------------------------------|-----------------|--------------|
| Bonds payable                      | \$ (24,135,000) |              |
| Bonds premium amortization         | (10,726)        |              |
| Accrued interest on long term debt | (46,103)        |              |
| Compensated absences               | (1,371,172)     | (25,563,001) |

**Net Position Of Governmental Activities** \$ 206,704,142

See accompanying notes to the basic financial statements

**City of Durango, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

|  | General             | Capital<br>Projects Fund | Capital<br>Improvements<br>Fund | Parks, Open<br>Space and<br>Trails Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------|---------------------------------|---|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                          |                                 |   |                                |                                |
| Property taxes   | \$ 1,283,416        | \$ -                     | \$ -                            | \$ -                                    | \$ -                           | \$ 1,283,416                   |
| Specific Ownership Taxes   | 141,411             | -                        | -                               | -                                       | -                              | 141,411                        |
| Sales taxes  | 15,581,172          | -                        | 1,946,721                       | 1,946,721                               | 3,895,780                      | 23,370,394                     |
| Use taxes  | 1,194,087           | -                        | 149,193                         | 149,193                                 | 298,567                        | 1,791,040                      |
| Sales and use tax audit  | 349,562             | -                        | -                               | -                                       | -                              | 349,562                        |
| La Plata Count shared sales tax                                      | 4,077,966           | -                        | -                               | -                                       | -                              | 4,077,966                      |
| La Plata County joint sales tax                                      | 2,063,007           | -                        | -                               | -                                       | -                              | 2,063,007                      |
| Lodgers taxes  | -                   | -                        | -                               | -                                       | 1,067,684                      | 1,067,684                      |
| Cigarette tax  | 89,791              | -                        | -                               | -                                       | -                              | 89,791                         |
| Franchise fees and occupational taxes                                | 1,722,803           | -                        | -                               | -                                       | -                              | 1,722,803                      |
| Special assessments  | 19,156              | -                        | -                               | -                                       | -                              | 19,156                         |
| Intergovernmental  | 2,624,383           | 139,728                  | -                               | 892,353                                 | 180,638                        | 3,837,102                      |
| Licenses and permits   | 909,858             | -                        | -                               | -                                       | 10,500                         | 920,358                        |
| Charges for services   | 4,808,854           | -                        | -                               | -                                       | 50                             | 4,808,904                      |
| Fines and forfeitures  | 188,606             | -                        | -                               | -                                       | -                              | 188,606                        |
| Investment earnings  | 14,644              | 72,005                   | 12,908                          | 15,354                                  | 19,035                         | 133,946                        |
| Miscellaneous  | 1,173,382           | 2,500                    | -                               | 300,635                                 | 511,630                        | 1,988,147                      |
| <b>Total Revenues</b>  | <b>36,242,098</b>   | <b>214,233</b>           | <b>2,108,822</b>                | <b>3,304,256</b>                        | <b>5,983,884</b>               | <b>47,853,293</b>              |
| <b>Expenditures</b>  |                     |                          |                                 |   |                                |                                |
| <b>Current:</b>  |                     |                          |                                 |   |                                |                                |
| General government   | 7,625,386           | 546,862                  | -                               | -                                       | 44,804                         | 8,217,052                      |
| Public safety  | 12,335,341          | -                        | -                               | -                                       | -                              | 12,335,341                     |
| Public works   | 3,217,249           | 1,531,073                | -                               | -                                       | -                              | 4,748,322                      |
| Parks and recreation   | 6,438,685           | 2,177,883                | -                               | -                                       | -                              | 8,616,568                      |
| Library  | 2,198,153           | -                        | -                               | -                                       | -                              | 2,198,153                      |
| Community services   | 1,323,105           | -                        | -                               | -                                       | -                              | 1,323,105                      |
| Economic development   | -                   | -                        | -                               | -                                       | 706,821                        | 706,821                        |
| Non-departmental   | 1,563,947           | -                        | -                               | -                                       | -                              | 1,563,947                      |
| Capital Outlay   | -                   | -                        | -                               | 5,948,601                               | -                              | 5,948,601                      |
| <b>Debt Service:</b>   |                     |                          |                                 |   |                                |                                |
| Principal retirement   | 100,000             | -                        | -                               | -                                       | 2,865,000                      | 2,965,000                      |
| Interest and fiscal charges  | 87,500              | -                        | -                               | -                                       | 781,000                        | 868,500                        |
| <b>Total Expenditures</b>  | <b>34,889,366</b>   | <b>4,255,818</b>         | <b>-</b>                        | <b>5,948,601</b>                        | <b>4,397,625</b>               | <b>49,491,410</b>              |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <b>1,352,732</b>    | <b>(4,041,585)</b>       | <b>2,108,822</b>                | <b>(2,644,345)</b>                      | <b>1,586,259</b>               | <b>(1,638,117)</b>             |
| <b>Other Financing Sources (Uses)</b>                                |                     |                          |                                 |   |                                |                                |
| Issuance of debt   | -                   | -                        | -                               | -                                       | 10,310,000                     | 10,310,000                     |
| Payments to escrow agent   | -                   | -                        | -                               | -                                       | (10,258,338)                   | (10,258,338)                   |
| Sale of capital assets   | 21,718              | -                        | -                               | -                                       | -                              | 21,718                         |
| Transfers in   | 717,488             | 7,853,540                | 650,000                         | 530,024                                 | 3,748,889                      | 13,499,941                     |
| Transfers out  | (2,175,000)         | (180,024)                | (2,571,701)                     | (713,778)                               | (8,109,438)                    | (13,749,941)                   |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(1,435,794)</b>  | <b>7,673,516</b>         | <b>(1,921,701)</b>              | <b>(183,754)</b>                        | <b>(4,308,887)</b>             | <b>(176,620)</b>               |
| <b>Net Change in Fund Balances</b>                                   | <b>(83,062)</b>     | <b>3,631,931</b>         | <b>187,121</b>                  | <b>(2,828,099)</b>                      | <b>(2,722,628)</b>             | <b>(1,814,737)</b>             |
| <b>Fund Balances (Deficit) Beginning of Year -<br/>Restated</b>      | <b>6,550,249</b>    | <b>5,531,627</b>         | <b>(255,674)</b>                | <b>3,506,974</b>                        | <b>4,088,827</b>               | <b>19,422,003</b>              |
| <b>Increase in Reserve for Inventory</b>                             | <b>1,562</b>        | <b>-</b>                 | <b>-</b>                        | <b>-</b>                                | <b>-</b>                       | <b>1,562</b>                   |
| <b>Fund Balances (Deficit) End of Year</b>                           | <b>\$ 6,468,749</b> | <b>\$ 9,163,558</b>      | <b>\$ (68,553)</b>              | <b>\$ 678,875</b>                       | <b>\$ 1,366,199</b>            | <b>\$ 17,608,828</b>           |

See accompanying notes to the basic financial statements

City of Durango, Colorado  
*Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended December 31, 2017*

|   |                   |                         |
|---|-------------------|-------------------------|
| <b>Net Changes In Fund Balances - Total Governmental Funds</b>  | \$                | (1,814,737)             |
| <b>Amounts reported for governmental activities in the statement of activities are different because</b>  |                   |                         |
| Governmental funds report capital outlays as expenditures.  |                   |                         |
| However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.   |                   |                         |
| Depreciation expense  | \$ (7,941,620)    |                         |
| Capital outlay  | <u>9,374,436</u>  | 1,432,816               |
| The net effect of various miscellaneous transactions involving capital assets is to increase net position.  |                   |                         |
|   |                   | 3,976                   |
| Governmental funds do not report contributed capital assets but they are reported on statement of activities  |                   |                         |
|   |                   | 3,356,395               |
| Government funds do not report the change in the investment in the joint venture but the change is reported on the statement of activity  |                   |                         |
|   |                   | (300,236)               |
| The internal service funds used by management to charge the costs of the general services, equipment reserve, risk manager and self-insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.  |                   |                         |
|   |                   | 617,065                 |
| Elimination of transfers between governmental funds   |                   |                         |
| Transfers in  | \$ (13,499,941)   |                         |
| Transfers out   | <u>13,499,941</u> | -                       |
| The increase in fund balance reserves for inventory are charged directly to the fund balances at the fund level but expenses are increased at the government-wide level.  |                   |                         |
|   |                   | 1,562                   |
| Net Pension expense do not require the use of current financial resources and , therefore are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of :  |                   |                         |
| Pension Expense   | \$ (524,899)      |                         |
| Employer Contributions  | <u>228,363</u>    | (296,536)               |
| Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  |                   |                         |
| Liability @ 12/31/17  | \$ (46,103)       |                         |
| Liability @ 12/31/16  | <u>68,007</u>     | 21,904                  |
| Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   |                   |                         |
|   |                   | 12,640,000              |
| Deferred loss on refunding of revenue bonds   |                   |                         |
|   |                   | 401,927                 |
| Amortization of bond premium is reported as an expense in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds   |                   |                         |
|   |                   | 205,764                 |
| Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.   |                   |                         |
| Liability @ 12/31/17  | \$ (1,371,172)    |                         |
| Liability @ 12/31/16  | <u>1,251,824</u>  | (119,348)               |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. |                   |                         |
|   |                   | <u>(10,310,000)</u>     |
| <b>Change In Net Position of Governmental Activities</b>  | <b>\$</b>         | <b><u>5,840,552</u></b> |
| See accompanying notes to the basic financial statements  |                   |                         |

**City of Durango, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2017**

|   | Business-Type Activities - Enterprise Funds |                       |                              |                                 |                      | Governmental<br>Activities<br>Internal Service<br>Funds |
|---|---|-----------------------|------------------------------|---------------------------------|----------------------|---|
|   | Water Utility<br>Fund                       | Sewer Utility<br>Fund | Sustainable<br>Services Fund | Transportation<br>Services Fund | Total                |   |
| <b>Assets</b>                               |   |                       |                              |                                 |                      |   |
| <b>Current Assets</b>                       |   |                       |                              |                                 |                      |   |
| Equity in treasurer's cash and investments  | \$ 14,262,623                               | \$ 6,358,979          | \$ 684,838                   | \$ 1,817,420                    | \$ 23,123,860        | \$ 4,003,110  |
| Cash held with fiscal agent                 | -   | 12,652,236            | -                            | -                               | 12,652,236           | -   |
| Receivables                                 |   |                       |                              |                                 |                      |   |
| Accounts                                    | 666,347                                     | 1,048,282             | 248,069                      | 782                             | 1,963,480            | 375,457   |
| Intergovernmental                           | -   | 3,925,804             | 5,251                        | 316,096                         | 4,247,151            | -   |
| Inventory                                   | 102,700                                     | 1,707                 | -                            | -                               | 104,407              | 288,411   |
| <b>Total Current Assets</b>                 | <b>15,031,670</b>                           | <b>23,987,008</b>     | <b>938,158</b>               | <b>2,134,298</b>                | <b>42,091,134</b>    | <b>4,666,978</b>  |
| <b>Noncurrent Assets</b>                    |   |                       |                              |                                 |                      |   |
| Note receivable                             | 163,342                                     | 34,877,001            | -                            | -                               | 35,040,343           | -   |
| Prepaid items                               | -   | -                     | -                            | -                               | -                    | 18,480  |
| <b>Capital Assets</b>                       |   |                       |                              |                                 |                      |   |
| Land  | 6,575,919                                   | 307,368               | 89,622                       | 3,886,835                       | 10,859,744           | 67,889  |
| Construction in progress                    | 1,709,568                                   | 17,914,205            | -                            | -                               | 19,623,773           | -   |
| Depreciable capital assets, net             | 33,047,516                                  | 15,939,485            | 2,401,446                    | 6,265,094                       | 57,653,541           | 6,055,874   |
| <b>Total Noncurrent Assets</b>              | <b>41,496,345</b>                           | <b>69,038,059</b>     | <b>2,491,068</b>             | <b>10,151,929</b>               | <b>123,177,401</b>   | <b>6,142,243</b>  |
| <b>Total Assets</b>                         | <b>56,528,015</b>                           | <b>93,025,067</b>     | <b>3,429,226</b>             | <b>12,286,227</b>               | <b>165,268,535</b>   | <b>10,809,221</b>                                       |
| <b>Liabilities</b>                          |   |                       |                              |                                 |                      |   |
| <b>Current Liabilities</b>                  |   |                       |                              |                                 |                      |   |
| Accounts payable                            | 993,854                                     | 3,946,264             | 58,890                       | 63,693                          | 5,062,701            | 577,591   |
| Accrued payroll                             | 43,288                                      | 42,257                | 25,020                       | 61,206                          | 171,771              | 22,623  |
| Compensated Absences - due in one year      | 50,027                                      | 21,542                | 27,493                       | 48,356                          | 147,418              | 38,290  |
| Interfund payable                           | -   | -                     | -                            | -                               | -                    | 456,000   |
| Loan payable                                | 183,183                                     | 2,441,021             | -                            | -                               | 2,624,204            | -   |
| Interest Payable                            | -   | 422,766               | -                            | -                               | 422,766              | -   |
| <b>Total Current Liabilities</b>            | <b>1,270,352</b>                            | <b>6,873,850</b>      | <b>111,403</b>               | <b>173,255</b>                  | <b>8,428,860</b>     | <b>1,094,504</b>  |
| <b>Long Term Liabilities</b>                |   |                       |                              |                                 |                      |   |
| Compensated absences net of current portion | 50,027                                      | 21,541                | 27,493                       | 48,355                          | 147,416              | 38,291  |
| Loan payable net of current portion         | 3,097,372                                   | 57,415,719            | -                            | -                               | 60,513,091           | -   |
| <b>Total Liabilities</b>                    | <b>4,417,751</b>                            | <b>64,311,110</b>     | <b>138,896</b>               | <b>221,610</b>                  | <b>69,089,367</b>    | <b>1,132,795</b>  |
| <b>Net position</b>                         |   |                       |                              |                                 |                      |   |
| Net investment in capital assets            | 38,052,448                                  | 21,833,553            | 2,491,068                    | 10,151,929                      | 72,528,998           | 6,123,763   |
| Unrestricted                                | 14,057,816                                  | 6,880,404             | 799,262                      | 1,912,688                       | 23,650,170           | 3,552,663   |
| <b>Total Net Position - Fund Level</b>      | <b>\$ 52,110,264</b>                        | <b>\$ 28,713,957</b>  | <b>\$ 3,290,330</b>          | <b>\$ 12,064,617</b>            | <b>\$ 96,179,168</b> | <b>\$ 9,676,426</b>                                     |

See accompanying notes to the basic financial statements

**City of Durango, Colorado**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

|   | Business-Type Activities - Enterprise Funds |                       |                              |                                 |                      | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---|---|-----------------------|------------------------------|---------------------------------|----------------------|---|
|   | Water Utility<br>Fund                       | Sewer Utility<br>Fund | Sustainable<br>Services Fund | Transportation<br>Services Fund | Total                |   |
| <b>Operating Revenues</b>                                       |   |                       |                              |                                 |                      |   |
| Charges for sales and services                                  | \$ 6,627,997                                | \$ 7,680,011          | \$ 2,467,388                 | \$ 2,246,691                    | \$ 19,022,087        | \$ 7,798,324  |
| Services provided   | -   | -                     | -                            | -                               | -                    | 1,504,002   |
| Miscellaneous   | 157,269                                     | 7,731                 | 113,607                      | 16,215                          | 294,822              | 102,296   |
| <b>Total Operating Revenues</b>                                 | <u>6,785,266</u>                            | <u>7,687,742</u>      | <u>2,580,995</u>             | <u>2,262,906</u>                | <u>19,316,909</u>    | <u>9,404,622</u>  |
| <b>Operating Expenses</b>                                       |   |                       |                              |                                 |                      |   |
| Administration  | 315,216                                     | 280,578               | -                            | 108,936                         | 704,730              | 231,724   |
| Source of supply  | 10,411                                      | -                     | -                            | -                               | 10,411               | -   |
| Pumping   | 210,037                                     | -                     | -                            | -                               | 210,037              | -   |
| Transmission and distribution                                   | 1,096,943                                   | -                     | -                            | -                               | 1,096,943            | -   |
| Treatment   | 833,343                                     | 1,443,341             | -                            | -                               | 2,276,684            | -   |
| Meter reading and repairs                                       | 130,716                                     | -                     | -                            | -                               | 130,716              | -   |
| Parking operations  | -   | -                     | -                            | 682,916                         | 682,916              | -   |
| Collections   | -   | 785,721               | 1,122,451                    | -                               | 1,908,172            | -   |
| Recycling   | -   | -                     | 584,423                      | -                               | 584,423              | -   |
| Recycling center  | -   | -                     | 272,524                      | -                               | 272,524              | -   |
| Sustainability  | -   | -                     | 95,475                       | -                               | 95,475               | -   |
| Loop system   | -   | -                     | -                            | 2,146,154                       | 2,146,154            | -   |
| Multi-modal   | -   | -                     | -                            | 165,800                         | 165,800              | -   |
| Building maintenance  | -   | -                     | -                            | -                               | -                    | 133,794   |
| Equipment maintenance   | -   | -                     | -                            | -                               | -                    | 1,465,452   |
| Insurance claims and premiums                                   | -   | -                     | -                            | -                               | -                    | 999,793   |
| Medical claims and premiums                                     | -   | -                     | -                            | -                               | -                    | 4,941,127   |
| Non-departmental  | 1,237,864                                   | 623,940               | 94,583                       | 87,056                          | 2,043,443            | -   |
| Payment for services  | 505,500                                     | 563,475               | 257,605                      | 99,906                          | 1,426,486            | -   |
| Depreciation  | 1,199,105                                   | 723,489               | 139,882                      | 477,569                         | 2,540,045            | 1,211,328   |
| <b>Total Operating Expenses</b>                                 | <u>5,539,135</u>                            | <u>4,420,544</u>      | <u>2,566,943</u>             | <u>3,768,337</u>                | <u>16,294,959</u>    | <u>8,983,218</u>  |
| <b>Operating Income (Loss)</b>                                  | <u>1,246,131</u>                            | <u>3,267,198</u>      | <u>14,052</u>                | <u>(1,505,431)</u>              | <u>3,021,950</u>     | <u>421,404</u>  |
| <b>Non-Operating Revenues (Expenses)</b>                        |   |                       |                              |                                 |                      |   |
| Gain (Loss) on the sale of capital assets                       | -   | -                     | -                            | (1,486)                         | (1,486)              | 95,328  |
| Interest Expense  | -   | (786,657)             | -                            | -                               | (786,657)            | -   |
| Intergovernmental grants  | -   | 408,182               | 21,212                       | 984,700                         | 1,414,094            | -   |
| Investment earnings   | 99,674                                      | 53,315                | 3,679                        | 17,574                          | 174,242              | 41,344  |
| <b>Total Nonoperating Revenues (Expenses)</b>                   | <u>99,674</u>                               | <u>(325,160)</u>      | <u>24,891</u>                | <u>1,000,788</u>                | <u>800,193</u>       | <u>136,672</u>  |
| <b>Income (Loss) Before Capital Contributions and Transfers</b> | <u>1,345,805</u>                            | <u>2,942,038</u>      | <u>38,943</u>                | <u>(504,643)</u>                | <u>3,822,143</u>     | <u>558,076</u>  |
| Capital contributions   | 4,606,350                                   | 1,170,548             | -                            | -                               | 5,776,898            | -   |
| Transfers in  | -   | -                     | -                            | 250,000                         | 250,000              | 58,989  |
| Transfers out   | (11,705)                                    | (11,705)              | (35,579)                     | -                               | (58,989)             | -   |
| <b>Change in Net Position</b>                                   | <u>5,940,450</u>                            | <u>4,100,881</u>      | <u>3,364</u>                 | <u>(254,643)</u>                | <u>9,790,052</u>     | <u>617,065</u>  |
| <b>Net Position Beginning of Year - Restated</b>                | <u>46,169,814</u>                           | <u>24,613,076</u>     | <u>3,286,966</u>             | <u>12,319,260</u>               | <u>86,389,116</u>    | <u>9,059,361</u>  |
| <b>Net Position End of Year</b>                                 | <u>\$ 52,110,264</u>                        | <u>\$ 28,713,957</u>  | <u>\$ 3,290,330</u>          | <u>\$ 12,064,617</u>            | <u>\$ 96,179,168</u> | <u>\$ 9,676,426</u>                                       |

See accompanying notes to the basic financial statements.

**City of Durango, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2017**

|   | Business-type Activities -<br>Enterprise Funds |                      |                         |                            |                      | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|--|----------------------|-------------------------|----------------------------|----------------------|---|
|   | Major Funds                                    |                      |                         |                            |                      |   |
|   | Water<br>Utility                               | Sewer<br>Utility     | Sustainable<br>Services | Transportation<br>Services | Total                |   |
| <b>Increase in Cash and Cash Equivalents</b>  |  |                      |                         |                            |                      |   |
| <b>Cash Flows from Operating Activities</b>   |  |                      |                         |                            |                      |   |
| Cash received from customers  | \$ 6,657,416                                   | \$ 7,676,158         | \$ 2,720,665            | \$ 2,133,335               | \$ 19,187,574        | \$ 9,288,607  |
| Cash payments to employees for services   | (1,569,236)                                    | (1,423,210)          | (915,558)               | (2,284,187)                | (6,192,191)          | (828,501)   |
| Cash payments for goods and services  | (2,122,717)                                    | (2,879,375)          | (1,480,196)             | (972,970)                  | (7,455,258)          | (994,841)   |
| Cash payments for claims and premiums   | -  | -                    | -                       | -                          | -                    | (5,940,919)   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <u>2,965,463</u>                               | <u>3,373,573</u>     | <u>324,911</u>          | <u>(1,123,822)</u>         | <u>5,540,125</u>     | <u>1,524,346</u>  |
| <b>Cash Flows from Noncapital Financing Activities</b>  |  |                      |                         |                            |                      |   |
| Decrease in note receivable   | 1,821  | -                    | -                       | -                          | 1,821                | -   |
| Intergovernmental revenue   | -  | 408,182              | 21,212                  | 984,700                    | 1,414,094            | -   |
| Interfund payable   | -  | -                    | -                       | -                          | -                    | 76,000  |
| Prepaid premium   | -  | -                    | -                       | -                          | -                    | (18,480)  |
| Transfers in  | -  | -                    | -                       | 250,000                    | 250,000              | -   |
| <b>Net Cash Provided by Noncapital Financing Activities</b>   | <u>1,821</u>                                   | <u>408,182</u>       | <u>21,212</u>           | <u>1,234,700</u>           | <u>1,665,915</u>     | <u>57,520</u>   |
| <b>Cash Flows from Capital and Related Financing Activities</b>   |  |                      |                         |                            |                      |   |
| Plant investment fees   | 1,451,144                                      | 104,543              | -                       | -                          | 1,555,687            | -   |
| Capital transfer in   | -  | -                    | -                       | -                          | -                    | 58,989  |
| Capital transfer out  | (11,705)                                       | (11,705)             | (35,579)                | -                          | (58,989)             | -   |
| Decrease in loan receivable   | -  | 11,704,933           | -                       | -                          | 11,704,933           | -   |
| Decrease in loan payable  | (179,663)                                      | (2,707,152)          | -                       | -                          | (2,886,815)          | -   |
| Cash sales of capital assets  | -  | -                    | -                       | 64                         | 64                   | 98,618  |
| Payments for capital acquisitions   | (1,279,768)                                    | (16,245,511)         | (81,842)                | (78,119)                   | (17,685,240)         | (1,665,729)   |
| <b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>                          | <u>(19,992)</u>                                | <u>(7,154,892)</u>   | <u>(117,421)</u>        | <u>(78,055)</u>            | <u>(7,370,360)</u>   | <u>(1,508,122)</u>  |
| <b>Cash Flows from Investing Activities</b>   |  |                      |                         |                            |                      |   |
| Investment earnings   | 99,674   | 53,315               | 3,679                   | 17,574                     | 174,242              | 41,344  |
| <b>Net Cash Provided by Investing Activities</b>  | <u>99,674</u>                                  | <u>53,315</u>        | <u>3,679</u>            | <u>17,574</u>              | <u>174,242</u>       | <u>41,344</u>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | 3,046,966                                      | (3,319,822)          | 232,381                 | 50,397                     | 9,922                | 115,088   |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | 11,421,265                                     | 22,407,753           | 458,611                 | 1,803,302                  | 36,090,931           | 3,962,773   |
| <b>Transfer to General Fund due to restatement</b>  | (205,608)                                      | (76,716)             | (6,154)                 | (36,279)                   | (324,757)            | (74,751)  |
| <b>Cash and Cash Equivalents, Beginning of Year as restated</b>   | <u>11,215,657</u>                              | <u>22,331,037</u>    | <u>452,457</u>          | <u>1,767,023</u>           | <u>35,766,174</u>    | <u>3,888,022</u>  |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u>\$ 14,262,623</u>                           | <u>\$ 19,011,215</u> | <u>\$ 684,838</u>       | <u>\$ 1,817,420</u>        | <u>\$ 35,776,096</u> | <u>\$ 4,003,110</u>                                       |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b> |  |                      |                         |                            |                      |   |
| <b>Operating Income (Loss)</b>  | \$ 1,246,131                                   | \$ 3,267,198         | \$ 14,052               | \$ (1,505,431)             | \$ 3,021,950         | \$ 421,404  |
| <b>Adjustments:</b>   |  |                      |                         |                            |                      |   |
| <b>Depreciation</b>   | 1,199,105                                      | 723,489              | 139,882                 | 477,569                    | 2,540,045            | 1,211,328   |
| <b>(Increase) Decrease in Assets:</b>   |  |                      |                         |                            |                      |   |
| Accounts receivable   | (127,850)                                      | (11,582)             | 139,670                 | (129,571)                  | (129,333)            | (241,817)   |
| Inventory   | (8,419)  | 3,804                | -                       | -                          | (4,615)              | 49,064  |
| <b>Increase (Decrease) in Liabilities:</b>  |  |                      |                         |                            |                      |   |
| Accounts payable  | 639,719  | (587,859)            | 22,526                  | 41,874                     | 116,260              | 87,005  |
| Accrued wages   | 16,777   | (21,477)             | 8,781                   | (8,263)                    | (4,182)              | (2,638)   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>  | <u>\$ 2,965,463</u>                            | <u>\$ 3,373,573</u>  | <u>\$ 324,911</u>       | <u>\$ (1,123,822)</u>      | <u>\$ 5,540,125</u>  | <u>\$ 1,524,346</u>                                       |
| <b>Non-cash Investing, Capital and Financing Activities:</b>  |  |                      |                         |                            |                      |   |
| <b>Contributed capital assets</b>   | \$ 3,155,206                                   | \$ 1,066,005         | \$ -                    | \$ -                       | \$ 4,221,211         | \$ 58,989   |

See accompanying notes to the basic financial statements

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Summary of Significant Accounting Policies**

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

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

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

**1-A. Reporting Entity**

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

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

A description of the discretely presented component unit follows:

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

**1-B. Basis of Presentation**

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

***Government-wide Financial Statements*** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

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

Additionally the City reports the following fund types:

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

**1-C. Measurement Focus**

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

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

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

***1-D. Basis of Accounting***

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

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

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

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

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

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

***1-E. Assets, Liabilities and Fund Equity***

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

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

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

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

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

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

***1-E-2 Receivables***

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2017.

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

***1-E-3 Interfund Balances***

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

***1-E-4 Consumable Inventories***

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**1-E-5 Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reflected as nonspendable as this amount is not available for general appropriation.

**1-E-6 Capital Assets**

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

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

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

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

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

**1-E-7 Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify as a deferred outflow of resources. A deferred outflow of resources related to pensions have been recorded as of December 31, 2017, which consists of two components: 1) contributions subsequent to measurement date; and 2) a change in investment earnings. See Note 3I for additional information. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City's refunding resulted in deferred outflows of resources of \$401,927.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

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 government has one item which is considered a deferred inflow of resources. Property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected are recognized in the financial statements.

***1-E-8 Compensated Absences***

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

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

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

***Proprietary Funds*** -- Accumulated paid time off at December 31, 2017, for employees of the proprietary funds have been accrued. These compensated absences are recognized as current salary costs when earned in the proprietary funds.

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

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

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

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

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

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

***1-E-11 Fund Equity***

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance** – Generally, fund balance represents assets and deferred outflows of resources minus liabilities and deferred inflows of resources and is shown only in governmental fund statements. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on those amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

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

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

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

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

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

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

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

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

**1-E-12 Operating Revenues and Expenses**

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

***Note 1 - Summary of Significant Accounting Policies (Continued)***

***1-E-13 Contributions of Capital***

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

***1-E-14 Interfund Activity***

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

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

***1-E-15 Estimates***

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

***1-E-16 Comparative Data***

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

***Note 2 – Stewardship, Compliance and Accountability***

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

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

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

All unexpended operating annual appropriations lapse at year-end.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

**2-B. Capital Improvement Fund Fund Balance-** The Capital Improvement Fund fund balance at December 31, 2017 was a negative \$68,553. This shortfall relates to reduced sales tax revenues in 2017 that were lower than the budgeted amount. This shortfall will be covered in the ensuing year. This shortfall will be covered through sales and use tax revenue collected in 2018.

**2-C. Self-Insurance Fund Fund Balance-** The Self Insurance Fund fund balance at December 31, 2017 was a negative \$606,529. This shortfall relates to large medical claims in December of 2017 that were not foreseen during budget. This shortfall will be covered in the ensuing year. This shortfall will be covered by additional charges to the funds in 2018 for self-insurance premiums and claims.

**2-D Restatement of Net Position/Fund Balance-** The City restated beginning net position as a result of a receivable and related revenue recorded in error in prior years. Grant receivables and revenues in the Capital Projects fund were overstated in 2016 and resulted in a restatement. Pooled cash is utilized to manage cash and interest earnings are then allocated to each fund based on their percentage of the overall cash balance. An issue with the calculations in the interest allocation spreadsheet led to increased allocations to the funds that resulted in the restatement.

Restated net position for the Governmental Activities is as follows.

|   |                       |
|---|-----------------------|
| Net Position December 31, 2016, as previously reported:   | \$ 201,780,382        |
| Effect of prior period adjustment due to overstatement of Accounts and interest receivable as of December 31, 2016: | <u>(916,792)</u>      |
| Net Position, December 31, 2016, as Restated:   | <u>\$ 200,863,590</u> |

Restated net position for Proprietary Activities is as follows:

|  |                      |
|--|----------------------|
| Net Position December 31, 2016, as previously reported:  | \$ 86,713,873        |
| Effect of prior period adjustment due to overstatement of accounts and interest receivable as of December 31, 2016 | <u>(324,757)</u>     |
| Net Position, December 31, 2016 as Restated:   | <u>\$ 86,389,116</u> |

Restated fund balance for General Fund is as follows:

|   |                     |
|---|---------------------|
| Fund Balance December 31, 2016, as previously reported:   | \$ 6,666,389        |
| Effect of prior period adjustment due to overstatement of Interest receivable and related revenue as of December 31, 2016 | <u>(116,140)</u>    |
| Fund Balance, December 31, 2016 as Restated   | <u>\$ 6,550,249</u> |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

Restated fund balance for Recreation Complex and Trails Fund is as follows:

|  |                     |
|--|---------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 3,104,530        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>(45,852)</u>     |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ 3,058,678</u> |

Restated fund balance for Parks and Recreation Development Fund is as follows:

|  |                   |
|--|-------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 159,520        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 1,815)</u>   |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ 157,705</u> |

Restated fund balance for Conservation Trust Fund is as follows:

|  |                   |
|--|-------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 229,261        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 8,985)</u>   |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ 220,276</u> |

Restated fund balance for Road Impact Fund is as follows:

|  |                   |
|--|-------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 2,889          |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 4,048)</u>   |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ (1,159)</u> |

Restated fund balance for Storm Drainage Fund is as follows:

|  |                 |
|--|-----------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 7,767        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 356)</u>   |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ 7,411</u> |

Restated fund balance for Capital Projects Fund is as follows:

|   |                     |
|---|---------------------|
| Fund Balance December 31, 2016, as previously reported:   | \$ 6,145,052        |
| Effect of prior period adjustment due to overstatement of<br>accounts receivable and interest receivable and related<br>revenue as of December 31, 2016 | <u>(613,425)</u>    |
| Fund Balance, December 31, 2016 as Restated   | <u>\$ 5,531,627</u> |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

Restated fund balance for Capital Improvements Fund is as follows:

|  |                     |
|--|---------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ (239,508)        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 16,166)</u>    |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ (255,674)</u> |

Restated fund balance for Parks, Open Space and Trails Fund is as follows:

|  |                     |
|--|---------------------|
| Fund Balance December 31, 2016, as previously reported:  | \$ 3,542,228        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 35,254)</u>    |
| Fund Balance, December 31, 2016 as Restated  | <u>\$ 3,506,974</u> |

Restated net position for Water Utility Fund is as follows:

|  |                      |
|--|----------------------|
| Net Position December 31, 2016, as previously reported:  | \$ 46,375,422        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>(205,608)</u>     |
| Net Position, December 31, 2016 as Restated  | <u>\$ 46,169,814</u> |

Restated net position for Sewer Utility Fund is as follows:

|  |                      |
|--|----------------------|
| Net Position December 31, 2016, as previously reported:  | \$ 24,689,792        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>(76,716)</u>      |
| Net Position, December 31, 2016 as Restated  | <u>\$ 24,613,076</u> |

Restated net position for Sustainable Services Fund is as follows:

|  |                     |
|--|---------------------|
| Net Position December 31, 2016, as previously reported:  | \$ 3,293,120        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>( 6,154)</u>     |
| Net Position, December 31, 2016 as Restated  | <u>\$ 3,286,966</u> |

Restated net position for Transportation Services Fund is as follows:

|  |                      |
|--|----------------------|
| Net Position December 31, 2016, as previously reported:  | \$ 12,355,539        |
| Effect of prior period adjustment due to overstatement of<br>Interest receivable and related revenue as of December 31, 2016 | <u>(36,279)</u>      |
| Net Position, December 31, 2016 as Restated  | <u>\$ 12,319,260</u> |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

Restated net position for General Services Fund is as follows:

|   |                     |
|---|---------------------|
| Net Position December 31, 2016, as previously reported:   | \$ 1,749,155        |
| Effect of prior period adjustment due to overstatement of Interest receivable and related revenue as of December 31, 2016 | <u>( 4,280)</u>     |
| Net Position, December 31, 2016 as Restated   | <u>\$ 1,744,875</u> |

Restated net position for Capital Equipment Reserve Fund is as follows:

|   |                     |
|---|---------------------|
| Net Position December 31, 2016, as previously reported:   | \$ 7,875,213        |
| Effect of prior period adjustment due to overstatement of Interest receivable and related revenue as of December 31, 2016 | <u>(67,152)</u>     |
| Net Position, December 31, 2016 as Restated   | <u>\$ 7,808,061</u> |

Restated net position for Risk Manager Fund is as follows:

|   |                   |
|---|-------------------|
| Net Position December 31, 2016, as previously reported:   | \$ 148,213        |
| Effect of prior period adjustment due to overstatement of Interest receivable and related revenue as of December 31, 2016 | <u>( 3,319)</u>   |
| Net Position, December 31, 2016 as Restated   | <u>\$ 144,894</u> |

**Note 3- Detailed Notes on All Funds**

**3-A. Deposits and Investments**

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

**Credit Risk** - The City’s investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The City’s investment policy limits investments in fixed income securities to U.S. Treasury Bills; U.S. Government Agencies; Certificates of Deposit; Commercial Paper; Investment-grade Obligations of State; Repurchase Agreements; Money Market Mutual Funds; and Local Government Investment Pools. The investment policy limits investments in commercial paper to be rated A-1 by Standard & Poor’s, P-1 by Moody’s, or F-1 by Fitch at the time of purchase. The custodian’s internal records identify the investments owned by the participating governments. ColoTrust’s records investments at fair value and the City at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2017, the City had \$2,938,459 invested in the Colorado Local Governments Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating Colotrust. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. Colotrust is rated AAAm by Standards and Poor's.

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

As of December 31, 2017, the City had \$242,773 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating CSAFE. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. CSAFE is rated AAAm by Standards and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

As of December 31, 2017, the City was invested in Federal Home Loan Bank, Fannie Mae, Freddie Mac, and Federal Farm Credit Bank. As of December 31, 2017, the City had the following investments and maturities:

| Investment Type          | S&P Rating | Investment Maturities (in Years) |                      | Fair Value           | Percentage |
|--------------------------|------------|----------------------------------|----------------------|----------------------|------------|
|                          |            | Less Than 1 Year                 | 1 - 5 Years          |                      |            |
| FEDERAL FARM CR BKS      | AA+        | \$ 993,546                       | \$ 5,909,974         | \$ 6,903,520         | 18%        |
| FEDERAL HOME LN MTG CORP | AA+        | -                                | 5,926,628            | 5,926,628            | 15%        |
| FEDERAL HOME LOAN BANKS  | AA+        | -                                | 12,880,057           | 12,880,057           | 33%        |
| FEDERAL NATL MTG ASSN    | AA+        | 998,378                          | 8,878,880            | 9,877,258            | 25%        |
| Colotrust                | AAA        | 2,938,459                        | -                    | 2,938,459            | 8%         |
| CSAFE                    | AAA        | 242,773                          | -                    | 242,773              | 1%         |
| <b>Total</b>             |            | <b>\$ 5,173,156</b>              | <b>\$ 33,595,539</b> | <b>\$ 38,768,695</b> |            |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

|  |            |            |
|--|------------|------------|
| Investments                                      | \$         | 38,768,695 |
| Reconciliation to Total Deposits and Investments |            |            |
| Add:   |            |            |
| Cash on Hand and in Banks                        |            | 3,635,177  |
| Component Unit                                   |            | 248,708    |
| Restricted Cash and Investments                  |            |            |
| Cash held with fiscal agent                      | 12,652,236 |            |
| Investment in ICMA                               | 36,793     |            |
| Investment in Empower Retirement                 | 36,702     |            |
| Restricted Cash and Investments                  |            | 12,725,731 |
| Total Cash and Investments                       | \$         | 55,378,311 |

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

*Cash & Investment Reconciliation:*

|   |    | Cash and<br>Cash Investments |
|---|----|------------------------------|
| Fund Reporting Level:   |    |                              |
| Governmental Funds - Cash on hand   | \$ | 8,049                        |
| Governmental Funds - Equity in treasurer's cash and investments             |    | 14,774,787                   |
| Governmental Funds - Cash held in escrow                                    |    | 567,561                      |
| Proprietary Fund Type Statement of Net Position - Enterprise Funds          |    | 35,776,096                   |
| Proprietary Fund Type Statement of Net Position -<br>Internal Service Funds |    | 4,003,110                    |
| Cash and investments - Component Unit                                       |    | 248,708                      |
| Total   | \$ | 55,378,311                   |
| Government-wide Level:  |    |                              |
| Cash and investments - primary government                                   | \$ | 55,129,603                   |
| Cash and investments - Component Unit                                       |    | 248,708                      |
| Total   | \$ | 55,378,311                   |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day’s notice. The City’s total portfolio was within these limits for the year ended December 31, 2017. Restricted cash and assets are those assets that are restricted by voter restriction or restricted legally by state statutes or city code of ordinances.

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

The City has the following fair value measurements as of December 31, 2017:

|  | 12/31/2017           | Fair Value Measurement Using |                      |             |
|--|----------------------|------------------------------|----------------------|-------------|
|  |                      | Level 1                      | Level 2              | Level 3     |
| Investments by fair value level        |                      |                              |                      |             |
| Federal Home Loan Bank                 | \$ 12,880,057        | \$ -                         | \$ 12,880,057        | \$ -        |
| Federal Farm Credit Banks              | 6,903,520            | -                            | 6,903,520            | -           |
| Federal home Loan Mortgage Corporation | 5,926,628            | -                            | 5,926,628            | -           |
| Federal National Mortgage Association  | 9,877,258            | -                            | 9,877,258            | -           |
| Total investments by fair value level  | <u>\$ 35,587,463</u> | <u>\$ -</u>                  | <u>\$ 35,587,463</u> | <u>\$ -</u> |
| Investments measured at NAV            |                      |                              |                      |             |
| COLOTRUST                              | <u>\$ 2,938,459</u>  |                              |                      |             |
| Investments measured at amortized cost |                      |                              |                      |             |
| CSAFE                                  | <u>\$ 242,773</u>    |                              |                      |             |
| Total Investments                      | <u>\$ 38,768,695</u> |                              |                      |             |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-B. Receivables**

Receivables at December 31, 2017, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

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

**3-C. Property Taxes**

Property taxes as set by the City Council are collected by the County Treasurer. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represents 2017 taxes levied and budgeted for calendar 2018 and collectible in calendar 2018. This amount also is reflected as deferred inflow of resources at the fund financial reporting level and the government-wide financial reporting level. Following are details of the property tax calendar:

|                             |                          |
|-----------------------------|--------------------------|
| Lien date                   | January 1 (current year) |
| Levy date                   | December 15 (prior year) |
| First half installment due  | February 28              |
| Second half installment due | June 15                  |
| If paid in full             | May 2                    |

**3-D. Capital Assets**

Capital asset activity for governmental activities, including internal service funds, for the year ended December 31, 2017, were as follows:

|   | Balance<br>1/1/2017   | Additions           | Deductions          | Balance<br>12/31/2017 |
|---|-----------------------|---------------------|---------------------|-----------------------|
| Governmental activities:                    |                       |                     |                     |                       |
| Capital assets not being depreciated        |                       |                     |                     |                       |
| Land  | \$ 29,070,290         | \$ 916,987          | \$ -                | \$ 29,987,277         |
| Construction in progress                    | 7,641,581             | 5,614,257           | 4,097,475           | 9,158,364             |
| Total capital assets not being depreciated  | <u>36,711,871</u>     | <u>6,531,244</u>    | <u>4,097,475</u>    | <u>39,145,641</u>     |
| Other capital assets:                       |                       |                     |                     |                       |
| Buildings                                   | 45,532,755            | 817,413             | -                   | 46,350,168            |
| Improvements                                | 1,101,610             | -                   | -                   | 1,101,610             |
| Equipment                                   | 20,516,245            | 2,991,481           | 483,020             | 23,024,706            |
| Infrastructure                              | 215,070,708           | 8,141,059           | -                   | 223,211,766           |
| Total depreciable capital assets            | <u>282,221,318</u>    | <u>11,949,954</u>   | <u>483,020</u>      | <u>293,688,250</u>    |
| Accumulated depreciation:                   |                       |                     |                     |                       |
| Buildings                                   | 12,468,211            | 929,381             | -                   | 13,397,592            |
| Improvements                                | 824,703               | 53,313              | -                   | 899,107               |
| Equipment                                   | 12,161,620            | 1,690,083           | 475,754             | 13,375,949            |
| Infrastructure                              | 106,066,665           | 6,480,169           | -                   | 112,435,741           |
| Total accumulated depreciation              | <u>131,521,199</u>    | <u>9,152,947</u>    | <u>475,754</u>      | <u>140,198,389</u>    |
| Total depreciable capital assets, net       | <u>150,700,119</u>    | <u>2,797,007</u>    | <u>7,266</u>        | <u>153,489,861</u>    |
| Governmental activities capital assets, net | <u>\$ 187,411,990</u> | <u>\$ 9,328,251</u> | <u>\$ 4,104,741</u> | <u>\$ 192,635,502</u> |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

The following are the changes in the business-type activities, excluding internal service funds, for the year ended December 31, 2017.

|  | Balance<br>1/1/2017  | Additions            | Deductions       | Balance<br>12/31/2017 |
|--|----------------------|----------------------|------------------|-----------------------|
| Business-type activities                     |                      |                      |                  |                       |
| Capital assets not being depreciated:        |                      |                      |                  |                       |
| Land   | \$ 5,007,012         | \$ -                 | \$ -             | \$ 5,007,012          |
| Water Rights                                 | 5,852,732            | -                    | -                | 5,852,732             |
| Construction in progress                     | <u>6,838,734</u>     | <u>15,637,936</u>    | <u>2,852,897</u> | <u>19,623,773</u>     |
| Total capital assets not being depreciated   | <u>17,698,478</u>    | <u>15,637,937</u>    | <u>2,852,897</u> | <u>30,483,517</u>     |
| Depreciable capital assets:                  |                      |                      |                  |                       |
| Buildings                                    | 21,362,443           | 442,981              | -                | 21,805,423            |
| Equipment                                    | 7,584,889            | 684,301              | 92,694           | 8,176,496             |
| Infrastructure                               | <u>60,538,621</u>    | <u>7,993,257</u>     | <u>-</u>         | <u>68,531,876</u>     |
| Total depreciable capital assets             | <u>89,485,953</u>    | <u>9,120,538</u>     | <u>92,694</u>    | <u>98,513,795</u>     |
| Accumulated depreciation:                    |                      |                      |                  |                       |
| Buildings                                    | 11,969,734           | 547,980              | -                | 12,517,714            |
| Equipment                                    | 4,566,180            | 519,504              | 91,144           | 4,994,540             |
| Infrastructure                               | <u>21,875,440</u>    | <u>1,472,561</u>     | <u>-</u>         | <u>23,348,001</u>     |
| Total accumulated depreciation               | <u>38,411,354</u>    | <u>2,540,045</u>     | <u>91,144</u>    | <u>40,860,255</u>     |
| Total depreciable capital assets, net        | <u>51,074,599</u>    | <u>6,580,493</u>     | <u>1,550</u>     | <u>57,653,541</u>     |
| Business-type activities capital assets, net | <u>\$ 68,773,077</u> | <u>\$ 22,218,430</u> | <u>2,854,447</u> | <u>\$ 88,137,058</u>  |

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

**Governmental activities depreciation expense is allocated as follows:**

|  |    |                  |
|--|----|------------------|
| General government                                 | \$ | 1,642,257        |
| Public Safety                                      |    | 116,795          |
| Public Works                                       |    | 5,556,254        |
| Library  |    | 388,812          |
| Parks and Recreation                               |    | 1,448,829        |
|  |    | <hr/>            |
| Total governmental activities depreciation expense | \$ | <u>9,152,947</u> |

**Business-type activities depreciation expense is allocated as follows:**

|   |    |                  |
|---|----|------------------|
| Water   | \$ | 1,199,105        |
| Sewer   |    | 723,489          |
| Sustainable Services                                |    | 139,882          |
| Transportation Services                             |    | 477,569          |
|   |    | <hr/>            |
| Total business-type activities depreciation expense | \$ | <u>2,540,045</u> |

**3-E. – Interfund Balances and Transfers**

Interfund balances at December 31, 2017, the \$291,000 interfund receivable from the general fund to the capital improvement fund relates to a short-term cash loan that will be paid back to the general fund in January 2018. The \$456,000 interfund receivable from the general fund to the self-insurance fund relates to a short-term cash loan that will be paid back to the general fund in early 2018. The \$219,000 interfund receivable from the general fund to the 2015 Sales Tax Fund relates to a short-term cash loan that will be paid back to the general fund in early 2018.

|                          | Interfund<br>Receivable | Interfund<br>Payable |
|--------------------------|-------------------------|----------------------|
|                          | <hr/>                   | <hr/>                |
| Capital Improvement fund | \$ -                    | \$ 291,000           |
| Self-Insurance fund      | -                       | 456,000              |
| 2015 Sales Tax fund      | -                       | 219,000              |
| General fund             | <hr/> 966,000           | <hr/> -              |
| Total                    | <u>\$ 966,000</u>       | <u>\$ 966,000</u>    |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

Interfund transfers for the year ended December 31, 2017, consisted of the following:

| Transfers to                  | Transfers From      |                       |                           |                                |                              |                  |                  |                           |             | Total                |
|-------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|------------------------------|------------------|------------------|---------------------------|-------------|----------------------|
|                               | General Fund        | Capital Projects Fund | Capital Improvements Fund | Parks, Open Space, Trails Fund | Non-major Governmental Funds | Water Fund       | Sewer Fund       | Sustainable Services Fund |             |                      |
| General fund                  | \$ -                | \$ -                  | \$ -                      | \$ 385,238                     | \$ 332,250                   | \$ -             | \$ -             | \$ -                      | \$ -        | \$ 717,488           |
| Capital projects fund         | 1,925,000           | -                     | -                         | 328,540                        | 5,600,000                    | -                | -                | -                         | -           | 7,853,540            |
| Capital improvements fund     | 250,000             | -                     | -                         | -                              | 400,000                      | -                | -                | -                         | -           | 650,000              |
| Parks, open space trails fund | -                   | 180,024               | -                         | -                              | 350,000                      | -                | -                | -                         | -           | 530,024              |
| Non-major governmental funds  | -                   | -                     | 2,571,701                 | -                              | 1,177,188                    | -                | -                | -                         | -           | 3,748,889            |
| Internal Service Funds        | -                   | -                     | -                         | -                              | -                            | 11,705           | 11,705           | 35,579                    | -           | 58,989               |
| Transportation services fund  | -                   | -                     | -                         | -                              | 250,000                      | -                | -                | -                         | -           | 250,000              |
|                               | <u>\$ 2,175,000</u> | <u>\$ 180,024</u>     | <u>\$ 2,571,701</u>       | <u>\$ 713,778</u>              | <u>\$ 8,109,438</u>          | <u>\$ 11,705</u> | <u>\$ 11,705</u> | <u>\$ 35,579</u>          | <u>\$ -</u> | <u>\$ 13,808,930</u> |

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-F. Compensated Absences**

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

**3-G. Operating Leases**

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

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

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

On September 20, 1983, the City entered into a lease agreement with Southwest Colorado Community Corrections Center, Inc. for a 1.2-acre tract of City-owned land. The original lease was for a period of twenty years commencing on September 19, 1983. Conditions of the lease included that the lessee must construct a community corrections facility on the demised property. This has been accomplished and the building has been recognized in the City's general capital assets. In conjunction with the lease the City of Durango issued and sold Anticipation Warrants to aid in the financing of the facility. The lease payments were sufficient to cover principal and interest payments on the Anticipation Warrants as they became due. All outstanding warrants have been retired. All improvements constructed on the property become property of the City. On December 5, 1989, the City expanded the provisions of the original lease to provide for an additional 10 years, which brings the term of the lease through September 18, 2013. In addition, the amended lease agreement authorizes expansion of the premises. On July 17, 2012, the City entered a new lease agreement with Southwest Colorado Community Corrections Center, Inc. The new lease encompasses a 2.4-acre tract of City-owned land. The lease is for a period of twenty years ending in 2032 and may be extended for two five year periods. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The cost of the assets being leased was \$189,488. The carrying amount of the assets was \$56,846 at December 31, 2017. Depreciation taken during 2017 was \$3,790.

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

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

On December 31, 1999, the City entered into a lease agreement with the Volunteers of America for a City-owned parcel of land with an existing building for purposes of operating a shelter. The lease commences on January 1, 2000 and extends until December 31, 2019, subject to annual review and renewal by the parties. On July 17, 2012 the City entered into a new lease agreement with Volunteers of America. The lease is for a term of twenty years commencing on July 12, 2012, and terminating on July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The carrying value of the leased asset was \$51,990 at December 31, 2017 with a cost of \$81,295 and current year depreciation of \$1,638.

On October 11, 2001 the City entered into a lease agreement with Manna-The Durango Soup Kitchen, Inc., as the lessee, for a parcel of land adjacent to Avenida del Sol owned by the City on which a soup kitchen facility will be constructed by the organization. The leased premises may only be used for the construction and operation of a community soup kitchen for purposes of providing meals to those in need. The lease is for a term of twenty years commencing on November 1, 2001 and

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

terminating October 31, 2021 with no renewal option. On July 17, 2012, the City entered into a new lease agreement with Manna-The Durango Soup Kitchen that increased the size of the parcel of land to add an addition to their facility. The lease is for a term of twenty years commencing on July 17, 2012, and terminating July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The parcel did not meet the City's criteria for capitalization.

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

On April 17, 2007 the City entered into a lease agreement with Durango 4-C Council Tri-County Head Start Program. The term was extended until December 31, 2016 in December of 2012. Currently a month to month lease is in place with an extension to be signed in 2018. Lessee shall use and occupy the premises for the Head Start Programs and Administration.

On May 29, 2007 the City entered into a lease agreement with the Children's Museum of Durango d/b/a the Durango Discovery Museum for a City-owned property known as the Power Plant located in the northern section of the Central Business District. The lease is for a term of twenty-five years commencing on May 29, 2007, and terminating May 30, 2032 with the option to renew for additional periods of ten years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty-five year term was payable in advance upon execution of the agreement. The carrying value of the leased assets is \$762,990 with a cost of \$1,146,724 and current year depreciation of \$34,005.

On August 14, 1995 the City entered into a lease agreement with La Plata Youth Services for a City-owned property at 2301 Main Ave, also known as the A-frame building. The original lease was for a term of two years terminating in 1997 with the option to renew every two years. On December 3, 2013, an amended lease began for a term of one year terminating on December 3, 2014 with the option to renew each year. This lease is currently on a month to month contract. The consideration for the lease is an annual rental of \$1 per year. The parcel did not meet the City's criteria for capitalization. This lease was terminated in September of 2017.

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

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

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

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

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

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

On August 1, 2017, the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for 5 parking spaces located in the Transit Center parking lot at 250 W 8<sup>th</sup> St. The lease commences on August 2, 2017 and extends for ten months to May 31, 2018. The lease calls for a lump sum rent payment of \$1,275 due at least 5 days prior to distribution of passes for the spaces.

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

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

*City of Durango, Colorado*  
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**Note 3 - Detailed Notes on All Funds (Continued)**

On November 12, 2013, the City entered into a lease agreement as a lessor with the Southwest Colorado Council of Governments for 528 square feet of office space located in the Carnegie Building at 1188 E 2<sup>nd</sup> Avenue. The lease commences on November 12, 2013 and extends for one year to November 12, 2014 with the option to renew for one year. In 2014, the lease was renewed for one more year. In 2015, a new lease was entered into with the same terms. In 2017, a new lease was entered into with the same terms. The consideration for the lease is an annual rental of \$1 per year.

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

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

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

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

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

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

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

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

On August 18, 1958, the City entered into a lease as lessor with Municipal Corporation of La Plata County for use of City premises for public recreational purposes, primarily a golf course. The lease commences on August 18, 1958 and extends for 99 years through June 2057. There were additional leases commencing on April 6, 1965 and October 19, 1965 and extending

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
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**Note 3 - Detailed Notes on All Funds (Continued)**

through June 2057 that increased the size of the golf course. The consideration for the lease is a rental of \$1 for each year of the lease. Payment for the entire term was received at the commencement of the lease.

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

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

On April 2, 2013, the City entered into a lease as lessee with Durango School District 9R for use of a tract of land as a park. The premises are located north of 12<sup>th</sup> St, east of Main Ave adjacent to the School District 9R Administration Building known as Buckley Park. The lease commences on April 2, 2013 and extends for 10 years through April 2, 2023 with the option to renew for two ten year periods. The consideration for the lease is a lump sum of \$1,000 for each ten year term of the lease.

On September 18, 2017 the City entered into a lease agreement as a lessor with the Durango Chamber of Commerce for a City-owned parcel of land at 2301 Main Avenue, commonly known as Brookside Park. The lease commences on January 1, 2018 and extends for a period of 25 years to December 21, 2043. The consideration for this lease is an annual rental of \$1 per year.

As of December 31, 2017, future minimum rentals receivable under operating leases are as follows:

| Year<br>Ending<br>December 31, | Amount              |
|--------------------------------|---------------------|
| 2018                           | \$ 220,467          |
| 2019                           | 191,319             |
| 2020                           | 196,966             |
| 2021                           | 202,116             |
| 2022                           | 170,881             |
| 2022-2026                      | <u>175,914</u>      |
| Total                          | <u>\$ 1,157,663</u> |

**3-H. Long-Term Debt**

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

Annual debt service requirements to amortize the 2008 sales and use tax revenue bonds outstanding, as of December 31, 2017 follow:

| Year Ending<br>December 31, | Principal           | Interest         | Total               |
|-----------------------------|---------------------|------------------|---------------------|
| 2018                        | \$ 1,135,000        | \$ 48,238        | \$ 1,183,238        |
| Total                       | <u>\$ 1,135,000</u> | <u>\$ 48,238</u> | <u>\$ 1,183,238</u> |

In 2007, the City issued \$15,890,000 Sales and Use Tax Revenue Bonds, series 2007, with interest rates ranging from 4.00 percent to 4.125 percent due in annual installments of \$625,000 to \$1,215,000 beginning December 1, 2008 through December 1, 2025. In April of 2016, the City advanced refunded these bonds. The Sales and Use Revenue Refunding Note has an interest rate of 2.04 percent.

Annual debt service requirements to amortize the 2016 sales and use tax revenue note outstanding, as of December 31, 2017 follow:

| Year Ending<br>December 31, | Principal           | Interest          | Total               |
|-----------------------------|---------------------|-------------------|---------------------|
| 2018                        | \$ 1,000,000        | \$ 175,440        | \$ 1,175,440        |
| 2019                        | 1,015,000           | 155,040           | 1,170,040           |
| 2020                        | 1,040,000           | 134,334           | 1,174,334           |
| 2021                        | 1,060,000           | 113,118           | 1,173,118           |
| 2022                        | 1,085,000           | 91,494            | 1,176,494           |
| 2023-2025                   | <u>3,400,000</u>    | <u>139,740</u>    | <u>3,539,740</u>    |
| Total                       | <u>\$ 8,600,000</u> | <u>\$ 809,166</u> | <u>\$ 9,409,166</u> |

In 2009, the City issued \$17,585,000 Sales and Use Tax Revenue Bonds, series 2009, with interest rates ranging from 2.50 percent to 5.0 percent due in annual installments of \$655,000 to \$1,275,000 beginning December 1, 2009 through December 1, 2028. These bonds were advanced refunded in 2017. The City refunded the bonds to reduce its debt service requirements over the next 11 years. The Sales and Use Revenue Refunding Note has an interest rate of 2.37 percent. The economic gain of \$738,774 resulted from the refunding which is calculated on a present value basis. The amount of the deferred loss on the refunding was \$401,927.

Annual debt service requirements to amortize the 2009 sales and use tax revenue bonds outstanding, as of December 31, 2017 follow:

| Year Ending<br>December 31, | Principal           | Interest         | Total               |
|-----------------------------|---------------------|------------------|---------------------|
| 2018                        | \$ 830,000          | \$ 65,525        | \$ 895,525          |
| 2019                        | <u>860,000</u>      | <u>34,400</u>    | <u>894,400</u>      |
| Total                       | <u>\$ 1,690,000</u> | <u>\$ 99,925</u> | <u>\$ 1,789,925</u> |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

Annual debt service requirements to amortize the 2017 sales and use tax revenue note outstanding, as of December 31, 2017 follow:

| Year Ending<br>December 31, | Principal            | Interest            | Total                |
|-----------------------------|----------------------|---------------------|----------------------|
| 2018                        | \$ 100,000           | \$ 264,031          | \$ 364,031           |
| 2019                        | 120,000              | 241,977             | 361,977              |
| 2020                        | 1,020,000            | 239,133             | 1,259,133            |
| 2021                        | 1,040,000            | 214,959             | 1,254,959            |
| 2022                        | 1,070,000            | 190,311             | 1,260,311            |
| 2023-2027                   | 5,730,000            | 559,320             | 6,289,320            |
| 2028                        | 1,230,000            | 29,151              | 1,259,151            |
| Total                       | <u>\$ 10,310,000</u> | <u>\$ 1,738,882</u> | <u>\$ 12,048,882</u> |

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

| Year Ending<br>December 31, | Principal           | Interest          | Total               |
|-----------------------------|---------------------|-------------------|---------------------|
| 2018                        | \$ 183,183          | \$ 63,082         | \$ 246,265          |
| 2019                        | 186,773             | 59,493            | 246,266             |
| 2020                        | 190,433             | 55,833            | 246,266             |
| 2021                        | 194,164             | 52,101            | 246,265             |
| 2022                        | 197,969             | 48,297            | 246,266             |
| 2023-2027                   | 1,049,575           | 181,747           | 1,231,322           |
| 2028-2032                   | 1,156,515           | 74,810            | 1,231,325           |
| 2033                        | 121,944             | 1,189             | 123,133             |
| Total                       | <u>\$ 3,280,556</u> | <u>\$ 536,552</u> | <u>\$ 3,817,108</u> |

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

| Year Ending<br>December 31, | Principal           | Interest    | Total               |
|-----------------------------|---------------------|-------------|---------------------|
| 2018                        | \$ 125,000          | \$ -        | \$ 125,000          |
| 2019                        | 125,000             | -           | 125,000             |
| 2020                        | 125,000             | -           | 125,000             |
| 2021                        | 125,000             | -           | 125,000             |
| 2022                        | 125,000             | -           | 125,000             |
| 2023-2027                   | 625,000             | -           | 625,000             |
| 2028-2032                   | 625,000             | -           | 625,000             |
| 2033-2037                   | 562,500             | -           | 562,500             |
| Total                       | <u>\$ 2,437,500</u> | <u>\$ -</u> | <u>\$ 2,437,500</u> |

**City of Durango, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 3 - Detailed Notes on All Funds (Continued)**

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

| Year Ending<br>December 31, | Principal     | Interest      | Total         |
|-----------------------------|---------------|---------------|---------------|
| 2018                        | \$ 2,257,147  | \$ 1,014,638  | \$ 3,271,785  |
| 2019                        | 2,305,290     | 966,888       | 3,272,178     |
| 2020                        | 2,352,605     | 920,138       | 3,272,743     |
| 2021                        | 2,397,453     | 874,388       | 3,271,841     |
| 2022                        | 2,438,775     | 829,888       | 3,268,663     |
| 2023-2027                   | 12,807,696    | 3,547,891     | 16,355,587    |
| 2028-2032                   | 13,518,958    | 2,838,606     | 16,357,564    |
| 2033-2037                   | 14,904,558    | 1,449,965     | 16,354,523    |
| 2038                        | 3,200,397     | 72,361        | 3,272,758     |
| Total                       | \$ 56,182,879 | \$ 12,514,763 | \$ 68,697,642 |

**Certificates of Participation** - In 2014, the City issued series 2014 Certificates of Participation in the amount of \$2,700,000, proceeds will be used to construct Wilson Gulch Road in what is known as Three Springs within the City limits. This road will provide for economic development with big box retailers to ensure long term viability for the City. Principal and interest payments will be reimbursed from GRVP, LLC up to \$947,600 until bona fide commitments to locate new retail within the Three Springs Development in an am amount in excess of a total of 11,000 square feet of retail space or until December 31, 2019 whichever occurs first. A schedule, by years, of future minimum lease payments under the lease agreement as of December 31, 2017 follows:

| Year Ending<br>December 31, | Base Rental  | Interest   | Total        |
|-----------------------------|--------------|------------|--------------|
| 2018                        | \$ 105,000   | \$ 84,000  | \$ 189,000   |
| 2019                        | 110,000      | 80,325     | 190,325      |
| 2020                        | 115,000      | 76,475     | 191,475      |
| 2021                        | 115,000      | 72,450     | 187,450      |
| 2022                        | 120,000      | 68,425     | 188,425      |
| 2023-2027                   | 675,000      | 275,625    | 950,625      |
| 2028-2032                   | 800,000      | 148,750    | 948,750      |
| 2033-2034                   | 360,000      | 19,075     | 379,075      |
| Total                       | \$ 2,400,000 | \$ 825,125 | \$ 3,225,125 |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
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**Note 3 - Detailed Notes on All Funds (Continued)**

**Changes in Long-term Debt** - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2017:

|  | Outstanding          |                      |                      | Outstanding<br>12/31/2017 | Amounts Due<br>in One Year |
|--|----------------------|----------------------|----------------------|---------------------------|----------------------------|
|  | 1/1/2017             | Additions            | Reductions           |                           |                            |
| Governmental Activities                                    |                      |                      |                      |                           |                            |
| 2008 Sales & Use Tax Revenue Bonds                         | \$ 2,220,000         | \$ -                 | \$ 1,085,000         | \$ 1,135,000              | \$ 1,135,000               |
| 2009 Sales & Use Tax Revenue Bonds                         | 12,165,000           | -                    | 10,475,000           | 1,690,000                 | 830,000                    |
| 2014 Certificates of Participation                         | 2,500,000            | -                    | 100,000              | 2,400,000                 | 105,000                    |
| 2016 Sales & Use Revenue Refunding Note                    | 9,580,000            | -                    | 980,000              | 8,600,000                 | 1,000,000                  |
| 2017 Sales & Use Revenue Refunding Note                    | -                    | 10,310,000           | -                    | 10,310,000                | 100,000                    |
| Compensated Absences                                       | 1,251,823            | 1,378,850            | 1,259,502            | 1,371,171                 | 685,586                    |
| Compensated Absences- Internal Service Funds               | 76,928               | 50,031               | 50,378               | 76,581                    | 38,291                     |
| Series 2008 Bond Amortization                              | 21,453               | -                    | 10,727               | 10,726                    | 10,726                     |
| Series 2009 Bond Amortization                              | 195,037              | -                    | 195,037              | -                         | -                          |
| Total Governmental Activities                              | <u>\$ 28,010,241</u> | <u>\$ 11,738,881</u> | <u>\$ 14,155,644</u> | <u>\$ 25,593,478</u>      | <u>\$ 3,904,602</u>        |
| Business Type Activities                                   |                      |                      |                      |                           |                            |
| Colorado Water and Power Authority Loan- Water             | \$ 3,460,219         | \$ -                 | \$ 179,663           | \$ 3,280,556              | \$ 183,183                 |
| Colorado Water and Power Authority Loan- Sewer             | 58,404,764           | -                    | 2,221,885            | 56,182,879                | 2,257,147                  |
| Colorado Water and Power Authority Loan- Sewer 0% Interest | 2,500,000            | -                    | 62,500               | 2,437,500                 | 125,000                    |
| Loan Premium Amortization                                  | 1,295,236            | -                    | 58,876               | 1,236,360                 | 58,874                     |
| Compensated Absences- Enterprise Funds                     | 300,981              | 329,719              | 335,866              | 294,834                   | 147,418                    |
| Total Business Type Activities                             | <u>\$ 65,961,200</u> | <u>\$ 329,719</u>    | <u>\$ 2,858,790</u>  | <u>\$ 63,432,129</u>      | <u>\$ 2,771,622</u>        |

These bonds are being serviced by sales/use tax revenue transferred from the recreation complex/trails fund and the capital improvements fund. The 2016 Sales and Use Revenue Refunding Note were originally issued for the construction of a new Public Library. The 2008 bonds are used to pay debt on the Recreation Center and the Animas River Trail and River Greenway. The 2009 bonds were issued for the reconstruction of Florida Road and were refunded in 2017 to the 2017 Sales & Use Revenue Refunding Note. The Water Fund charges and services provide funding for annual payments on the water storage loan. The Sewer Fund charges and services provide funding for annual payments on the two loans. The City believes they are in compliance with all covenants related to all long term debt. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The General fund is used to liquidate the compensated absences liability.

**3-I. Pensions**

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

**Firemen Plan Benefits Provided** -Members are eligible for retirement benefits upon reaching age 50 with 20 years of service. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 1.75 percent of final salary times service in excess of 20 years served since January 1, 1992. The maximum benefit amount is limited to 70 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2017 there are no active members in the plan.

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

**Policemen Plan Benefits Provided** - Members are eligible for retirement benefits upon reaching age 55 with 20 years service or upon completion of 25 years of service, if earlier. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 2.0 percent of final salary times service in excess of 20 years, limited to a maximum total benefit of 75 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2017 there are no active members in the plan.

Membership of each plan was comprised of the following on December 31, 2017:

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

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

Contributions to the plans for the year ended December 31, 2017 were as follows:

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**Net Pension Liability-Fireman Plan**

The City of Durango’s net pension liability for each Plan is measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

**Actuarial Assumptions**

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

|                               |                            |
|-------------------------------|----------------------------|
| Actuarial Cost Method         | Entry Age Normal           |
| Amortization Method           | Level Dollar, Open         |
| Remaining Amortization Period | 14 years                   |
| Asset Valuation Method        | 5-Year smoothed fair value |
| Inflation                     | 2.5 percent                |
| Investment rate of return     | 7.5 percent                |

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55-64, a blend of the previous tables were used. All tables are projected with Scale BB.

**Asset Allocation for FPPA**

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

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long- Term</b>          |
|-----------------------|--------------------------|----------------------------|
|                       |                          | <b>Real Rate of Return</b> |
| Global Equity         | 36%                      | 6.75%                      |
| Equity Long/Short     | 10%                      | 4.85%                      |
| Illiquid Alternatives | 23%                      | 8.25%                      |
| Fixed Income          | 15%                      | 0.50%                      |
| Absolute Return       | 10%                      | 4.05%                      |
| Managed Futures       | 4%                       | 3.00%                      |
| Cash                  | 2%                       | 0.0%*                      |

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

**Discount Rate**

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**Changes in Net Pension Liability/ (Asset)**  
**Measurement Period Ended December 31, 2016**

|   |                     |
|---|---------------------|
| <b>Total pension liability</b>  |                     |
| Service Cost  | \$ -                |
| Interest on the Total Pension Liability   | 168,874             |
| Benefit Changes   | 131,823             |
| Difference between expected and actual experience of the Total Pension Liability      | -                   |
| Changes of assumptions  | -                   |
| Benefit payments  | (238,568)           |
| Net change in total pension liability   | \$ 62,129           |
| Total pension liability beginning   | 2,236,959           |
| Total pension liability ending  | <u>\$ 2,299,088</u> |
| <br>  |                     |
| <b>Plan fiduciary net position</b>  |                     |
| Contributions - employer  | \$ 117,868          |
| Contributions - employee  | -                   |
| Net investment income   | 49,741              |
| Benefit payments  | (238,568)           |
| Pension Plan Administrative Expense   | (4,730)             |
| Net change in plan fiduciary net position   | \$ (75,689)         |
| Plan fiduciary net position - beginning (Market value of assets at beginning of year) | 1,070,633           |
| Plan fiduciary net position - ending (Market value of assets at end of year)          | <u>\$ 994,944</u>   |
| <br>  |                     |
| <b>Net Pension liability/(asset)</b>  | <u>\$ 1,304,144</u> |

Plan fiduciary net position as a percentage of the total pension liability 43.28%

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

| 1% Decrease<br>6.50% | Rate Assumption<br>7.50% | 1% Increase<br>8.50% |
|----------------------|--------------------------|----------------------|
| \$ 1,470,150         | \$ 1,304,144             | \$ 1,159,570         |

***Pension Plan Fiduciary Net Position***

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

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

For the year ended December 31, 2017, the City recognized pension expense of \$250,260. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| <b>Net difference between projected and actual earnings on pension plan investments</b> | \$ 64,270                                 | \$ -                                     |
| <b>Contributions subsequent to measurement date</b>                                     | 126,278                                   |  |
| <b>Total</b>  | \$ 190,548                                | \$ -                                     |

\$126,278 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability, in the year ended December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended December 31:</b> |           |
|--------------------------------|-----------|
| 2018                           | \$ 20,512 |
| 2019                           | 20,512    |
| 2020                           | 18,060    |
| 2021                           | 5,186     |
|                                | \$ 64,270 |

***Net Pension Liability-Policeman Plan***

The City of Durango's net pension liability for each Plan is measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**Actuarial Assumptions**

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

|                               |                            |
|-------------------------------|----------------------------|
| Actuarial Cost Method         | Entry Age Normal           |
| Amortization Method           | Level Dollar, Open         |
| Remaining Amortization Period | 18 years                   |
| Asset Valuation Method        | 5-Year smoothed fair value |
| Inflation                     | 2.5 percent                |
| Investment rate of return     | 7.5 percent                |

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables were used. All tables are projected with Scale BB.

**Asset Allocation for FPPA**

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

| <u>Asset Class</u>    | <u>Target Allocation</u> | <u>Long- Term<br/>Real Rate of Return</u> |
|-----------------------|--------------------------|---|
| Global Equity         | 36%                      | 6.75%                                     |
| Equity Long/Short     | 10%                      | 4.85%                                     |
| Illiquid Alternatives | 23%                      | 8.25%                                     |
| Fixed Income          | 15%                      | 0.50%                                     |
| Absolute Return       | 10%                      | 4.05%                                     |
| Managed Futures       | 4%                       | 3.00%                                     |
| Cash                  | 2%                       | 0.0%*                                     |

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

**Discount Rate**

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

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**Changes in Net Pension Liability/ (Asset)**  
**Measurement Period Ended December 31, 2016**

|   |                     |
|---|---------------------|
| <b>Total pension liability</b>  |                     |
| Service Cost  | \$ -                |
| Interest on the Total Pension Liability   | 216,400             |
| Benefit Changes   | 137,606             |
| Difference between expected and actual experience of the Total Pension Liability      | -                   |
| Changes of assumptions  | -                   |
| Benefit payments  | (275,542)           |
| Net change in total pension liability   | \$ 78,464           |
| Total pension liability beginning   | 2,883,012           |
| Total pension liability ending  | <u>\$ 2,961,476</u> |
| <br>  |                     |
| <b>Plan fiduciary net position</b>  |                     |
| Contributions - employer  | \$ 110,495          |
| Contributions - employee  | -                   |
| Net investment income   | 77,637              |
| Benefit payments  | (275,542)           |
| Pension Plan Administrative Expense   | (5,561)             |
| Net change in plan fiduciary net position   | \$ (92,971)         |
| Plan fiduciary net position - beginning (Market value of assets at beginning of year) | 1,611,805           |
| Plan fiduciary net position - ending (Market value of assets at end of year)          | <u>\$ 1,518,834</u> |
| <br>  |                     |
| <b>Net Pension liability/(asset)</b>  | <u>\$ 1,442,642</u> |

Plan fiduciary net position as a percentage of the total pension liability 51.29%

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

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

| <b>Sensitivity of Net Pension Liability/(Asset)</b> |                        |                    |
|---|------------------------|--------------------|
| <b>To the Single Discount Rate Assumption</b>       |                        |                    |
| <b>Current Single Discount</b>                      |                        |                    |
| <b>1% Decrease</b>                                  | <b>Rate Assumption</b> | <b>1% Increase</b> |
| <b>6.50%</b>  | <b>7.50%</b>           | <b>8.50%</b>       |
| \$ 1,679,034  | \$ 1,442,642           | \$ 1,238,002       |

***Pension Plan Fiduciary Net Position***

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

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

For the year ended December 31, 2017, the City recognized pension expense of \$274,639. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| <b>Net difference between projected and actual earnings on pension plan investments</b> | \$ 93,207                                 | \$ -                                     |
| <b>Contributions subsequent to measurement date</b>                                     | 122,870                                   |  |
| <b>Total</b>  | \$ 216,077                                | \$ -                                     |

\$122,870 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b><u>Year ended December 31:</u></b> |           |
|---------------------------------------|-----------|
| 2018                                  | \$ 29,675 |
| 2019                                  | 29,674    |
| 2020                                  | 26,464    |
| 2021                                  | 7,394     |
|                                       | \$ 93,207 |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

The City participates in two defined contribution plans.

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 20% each year. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2017 was \$21,148,178. The City's payroll for employees covered by the plan was \$3,748,116. The contribution to the plan totaled \$757,120, which consists of \$337,331 contributed by employees and \$419,789 contributed by the City.

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 20% each year. City contributions, and the interest thereon, for employees who leave employment prior to becoming vested are applied towards the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2017 was \$21,148,178. The City's payroll for employees covered by the plan was \$15,377,446. The contribution to the plan totaled \$3,106,244, which consists of \$1,383,970 contributed by employees and \$1,722,274 contributed by the City.

**3-J. Net Investment in Capital Assets**

Net investment in capital assets on the government-wide statement of net position as of December 31, 2017 are as follows:

|                                  | Governmental<br>Activities | Business<br>Type Activities |
|----------------------------------|----------------------------|-----------------------------|
| Cost of Capital Assets           | \$ 332,833,891             | \$ 128,997,311              |
| Less accumulated depreciation    | 140,198,389                | 40,860,253                  |
| Book Value                       | 192,635,502                | 88,137,058                  |
| Less capital related debt        | 24,547,653                 | 63,137,297                  |
| Plus Unspent bond proceeds       | -                          | 47,529,237                  |
| Net investment in capital assets | \$ 168,087,849             | \$ 72,528,998               |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Detailed Notes on All Funds (Continued)**

**3-K Fund Equity**

**Fund Balances** - Fund balances are classified as follows:

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

**General Fund:**

|             |                  |
|-------------|------------------|
| Inventories | \$ <u>51,539</u> |
|-------------|------------------|

- **Restricted** - The following fund balances are legally restricted to specified purposes:

**General Fund:**

|             |               |
|-------------|---------------|
| Emergencies | \$1,405,921   |
| Pension     | <u>73,495</u> |

|       |                     |
|-------|---------------------|
| Total | \$ <u>1,479,416</u> |
|-------|---------------------|

**Major Capital Projects Fund:**

|                                    |                   |
|------------------------------------|-------------------|
| Parks, Open, Space and Trails Fund | \$ <u>678,875</u> |
|------------------------------------|-------------------|

|       |                   |
|-------|-------------------|
| Total | \$ <u>678,875</u> |
|-------|-------------------|

**Nonmajor Governmental Funds:**

|                                   |                |
|-----------------------------------|----------------|
| Conservation Trust projects       | \$ 202,737     |
| Debt Service payments             | 517,456        |
| Recreation Complex/Trail projects | <u>224,756</u> |

|       |                   |
|-------|-------------------|
| Total | \$ <u>944,949</u> |
|-------|-------------------|

- **Committed** - The following fund balances are committed to the following purposes:

**General Fund:**

|                                  |               |
|----------------------------------|---------------|
| Reserve for PEG fees             | \$ 94,997     |
| Reserve for police confiscations | <u>51,410</u> |

|       |                   |
|-------|-------------------|
| Total | \$ <u>146,407</u> |
|-------|-------------------|

**Major Capital Projects Funds:**

|                  |                     |
|------------------|---------------------|
| Capital projects | \$ <u>9,163,558</u> |
|------------------|---------------------|

**Nonmajor Governmental Funds:**

|                             |              |
|-----------------------------|--------------|
| Park development projects   | 37,644       |
| Road Impact fee projects    | 64,038       |
| Durango Tourism             | 272,008      |
| Storm drainage fee projects | <u>7,506</u> |

|       |                   |
|-------|-------------------|
| Total | \$ <u>381,196</u> |
|-------|-------------------|

- **Assigned** - The following fund balances are assigned to the following purposes:

**General Fund:**

|                      |                   |
|----------------------|-------------------|
| Funds held in Escrow | \$ <u>684,432</u> |
|----------------------|-------------------|

**Nonmajor Governmental Funds:**

|               |                  |
|---------------|------------------|
| Loan payables | \$ <u>40,054</u> |
|---------------|------------------|

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 - Other Note**

**4-A. Risk Management**

**Employee Medical Insurance** - Effective January 1, 1985, the City began a self-insurance program for medical claims. The purpose of the program is to pay medical claims of City employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the City. The employer pays employee and a percentage of the dependent coverage. Claims are processed and paid by Meritain Health, a third party administrator. Individual excess risk coverage commences after an individual has incurred \$75,000 of claims in a year. The City carried the aggregate coverage for any claims up to a maximum of \$3,521,662 in 2017. The excess risk coverage for both individual and aggregate claims coverage was covered by Reliastar Life Insurance Co., a private insurance carrier. Settled claims have not exceeded coverage in any of the past three fiscal years.

The claims liability reported in the Self Insurance Fund (an internal service fund) at December 31, 2017 is based on claims reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

| Date | Beginning of<br>Year<br>Liability | Current Year<br>Claims and Changes<br>in Estimates | Claim<br>Payments | End of<br>Year<br>Liability |
|------|-----------------------------------|--|-------------------|-----------------------------|
| 2015 | 315,426                           | 2,521,374  | 2,651,114         | 185,686                     |
| 2016 | 185,686                           | 3,516,044  | 3,316,063         | 385,667                     |
| 2017 | 385,667                           | 3,715,617  | 3,574,795         | 526,559                     |

**Property, Casualty and Workers Compensation Insurance** - The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Colorado Intergovernmental Risk Sharing Agency (CIRSA) is a public entity risk pool currently operating as a common risk management and insurance program for over 100 municipalities. The City, as member of the pool, pays annual premiums to CIRSA for its property and casualty insurance and workers' compensation insurance coverage. The bylaws and Intergovernmental Agreement of CIRSA provides that CIRSA will provide coverage through pooling of self-insured losses and the purchase of stop-loss insurance coverage.

CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

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

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

**4-B. Contingent Liabilities**

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

The City was a defendant in several lawsuits at December 31, 2017. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 - Other Notes (Continued)**

**4-C. Joint Ventures**

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

The Airport's net position at fiscal year-end was \$40,816,763, 50 percent equity interest is booked as the joint venture.

**Condensed Statement of Net Position**

|                       | <b>Business-Type<br/>Activities</b> |
|-----------------------|-------------------------------------|
|                       | <b>2017</b>                         |
| <b>Assets:</b>        |                                     |
| Current assets        | \$ 9,207,459                        |
| Capital assets        | 31,879,344                          |
| Total assets          | \$ 41,086,803                       |
| <b>Liabilities:</b>   |                                     |
| Current liabilities   | 223,344                             |
| Long term liabilities | 46,696                              |
| Total liabilities     | \$ 270,040                          |
| <b>Net position:</b>  |                                     |
| Net investment        |                                     |
| in capital assets     | 31,879,344                          |
| Unrestricted          | 3,236,560                           |
| Restricted            | 5,700,859                           |
| Total net position    | \$ 40,816,763                       |

*City of Durango, Colorado*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 - Other Notes (Continued)**

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

|                        | <b>Business-type<br/>Activities</b> |
|------------------------|-------------------------------------|
|                        | <b>2017</b>                         |
| <b>Revenues:</b>       |                                     |
| Operating Revenue      | \$ 3,920,524                        |
| Non-Operating Revenue  | 290,294                             |
| Total revenues         | <u>4,210,818</u>                    |
| <b>Expenses:</b>       |                                     |
| Operating Expense      | 3,011,976                           |
| Non-Operating Expense  | -                                   |
| Depreciation           | 2,522,876                           |
| Total expenses         | <u>5,534,852</u>                    |
| Capital Contributions  | <u>723,561</u>                      |
| Change in net position | (600,473)                           |
| Beginning net position | 41,417,236                          |
| Ending net position    | <u>\$ 40,816,763</u>                |

The City's equity interest in the airport is reported in the government-wide capital assets. The City's equity interest in the Durango-LaPlata County Airport was \$20,408,382 at December 31, 2017. The Durango La Plata County Airport issues separate financial statements which may be obtained from the Airport or from the City of Durango Finance Department.

**4-D. Tax, Spending and Debt Limitations**

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

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

**City of Durango, Colorado**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2017**

**Old Hire Fire Pension Plan Required Supplementary Information**

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

|   | Fiscal Year Ending December 31 |      |      |      |      |      |      |      |              |              |              |
|---|--------------------------------|------|------|------|------|------|------|------|--------------|--------------|--------------|
|   | 2006                           | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014         | 2015         | 2016         |
| <b>Total Pension Liability</b>  |                                |      |      |      |      |      |      |      |              |              |              |
| Service Cost  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ -         | \$ -         | \$ -         |
| Interest  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 153,060      | 156,903      | 168,874      |
| Changes in Benefit Terms  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 146,102      | -            | 131,823      |
| Differences Between Expected and Actual Experience                            | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -            | 19,701       | -            |
| Changes of Assumptions  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -            | 91,649       | -            |
| Benefit Payments  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (253,376)    | (242,277)    | (238,568)    |
| Net Change in Total Pension Liability   | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 45,786    | \$ 25,976    | \$ 62,129    |
| Total Pension Liability - Beginning of Year                                   | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 2,165,197    | 2,210,983    | 2,236,959    |
| Total Pension Liability - End of Year   | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 2,210,983 | \$ 2,236,959 | \$ 2,299,088 |
| <b>Plan Fiduciary Net Position</b>  |                                |      |      |      |      |      |      |      |              |              |              |
| Contributions - Employer  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 234,321   | \$ 117,868   | \$ 117,868   |
| Contributions - Employee  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -            | -            | -            |
| Net Investment Income   | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 71,839       | 19,430       | 49,741       |
| Benefit Payments  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (253,376)    | (242,277)    | (238,568)    |
| Administrative Expenses   | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (5,792)      | (5,037)      | (4,730)      |
| Net Change in Plan Fiduciary Net Position                                     | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 46,992    | \$ (110,016) | \$ (75,689)  |
| Plan Fiduciary Net Position - Beginning of Year                               | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 1,133,657    | 1,180,649    | 1,070,633    |
| Plan Fiduciary Net Position - End of Year                                     | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 1,180,649    | 1,070,633    | 994,944      |
| <b>Net pension liability (asset)</b>  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 1,030,334 | \$ 1,166,326 | \$ 1,304,144 |
| <b>Plan fiduciary net position as a percentage of total pension liability</b> | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 53.40%       | 47.86%       | 43.28%       |
| <b>Covered payroll</b>  | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A          | N/A          |
| <b>Net pension liability/(asset) as a percentage of covered payroll</b>       | N/A                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A          | N/A          |

\*Information prior to 2014 is unavailable

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

|  | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014         | 2015       | 2016       | 2017       |
|--|------|------|------|------|------|------|------|--------------|------------|------------|------------|
| Actuarially determined annual required contribution                  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 93,408    | \$ 117,868 | \$ 117,868 | \$ 126,278 |
| Contributions in relation to the actuarially determined contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 234,321   | \$ 117,868 | \$ 117,868 | \$ 126,278 |
| Contribution deficiency (excess)                                     | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (140,913) | \$ -       | \$ -       | \$ -       |
| Covered payroll  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A        | N/A        | N/A        |
| Contributions as a percentage of covered payroll                     | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A        | N/A        | N/A        |

\*Information prior to 2014 is unavailable

**City of Durango, Colorado**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2017**

**Methods and assumptions used to determine contribution rates:**

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age Normal  |
| Amortization method           | Level Dollar, Open*   |
| Remaining amortization period | 14 years*   |
| Asset valuation method        | 5-Year smoothed fair value  |
| Inflation                     | 2.50%   |
| Salary Increases              | N/A   |
| Investment rate of return     | 7.50%   |
| Retirement age                | Any remaining actives are assumed to retire immediately   |
| Mortality                     | For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Co Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All Tables are projecte with Scale BB. |

\*Information prior to 2014 is unavailable

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

**Old Hire Police Pension Plan Required Supplementary Information**

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

|   | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014                | 2015                | 2016                |
|---|------|------|------|------|------|------|------|------|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>  |      |      |      |      |      |      |      |      |                     |                     |                     |
| Service Cost  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ -                | \$ -                | \$ -                |
| Interest  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 199,962             | 205,124             | 216,400             |
| Changes in Benefit Terms  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 153,187             | -                   | 137,606             |
| Differences Between Expected and Actual Experience                            | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -                   | (29,987)            | -                   |
| Changes of Assumptions  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -                   | 114,413             | -                   |
| Benefit Payments  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (290,415)           | (278,021)           | (275,542)           |
| Net Change in Total Pension Liability   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 62,734           | \$ 11,529           | \$ 78,464           |
| Total Pension Liability - Beginning of Year                                   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 2,808,749           | 2,871,483           | 2,883,012           |
| Total Pension Liability - End of Year   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | <u>\$ 2,871,483</u> | <u>\$ 2,883,012</u> | <u>\$ 2,961,476</u> |
| <b>Plan Fiduciary Net Position</b>  |      |      |      |      |      |      |      |      |                     |                     |                     |
| Contributions - Employer  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 253,957          | \$ 110,495          | \$ 110,495          |
| Contributions - Employee  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | -                   | -                   | -                   |
| Net Investment Income   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 108,853             | 29,792              | 77,637              |
| Benefit Payments  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (290,415)           | (278,021)           | (275,542)           |
| Administrative Expenses   | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | (6,641)             | (2,741)             | (5,561)             |
| Net Change in Plan Fiduciary Net Position                                     | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$ 65,754           | \$ (140,475)        | \$ (92,971)         |
| Plan Fiduciary Net Position - Beginning of Year                               | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 1,686,526           | 1,752,280           | 1,611,805           |
| Plan Fiduciary Net Position - End of Year                                     | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 1,752,280           | 1,611,805           | 1,518,834           |
| <b>Net pension liability (asset)</b>  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | <u>\$ 1,119,203</u> | <u>\$ 1,271,207</u> | <u>\$ 1,442,642</u> |
| <b>Plan fiduciary net position as a percentage of total pension liability</b> | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | 61.02%              | 55.91%              | 51.29%              |
| <b>Covered payroll</b>  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A                 | N/A                 | N/A                 |
| <b>Net pension liability/(asset) as a percentage of covered payroll</b>       | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A                 | N/A                 | N/A                 |

\*Information prior to 2014 is unavailable

**City of Durango, Colorado**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2017**

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

|  | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014         | 2015       | 2016       | 2017       |
|--|------|------|------|------|------|------|------|--------------|------------|------------|------------|
| Actuarially determined annual required contribution                  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 106,210   | \$ 110,495 | \$ 110,495 | \$ 122,870 |
| Contributions in relation to the actuarially determined contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 253,957   | \$ 110,495 | \$ 110,495 | \$ 122,870 |
| Contribution deficiency (excess)                                     | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (147,747) | \$ -       | \$ -       | \$ -       |
| Covered payroll  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A        | N/A        | N/A        |
| Contributions as a percentage of covered payroll                     | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A          | N/A        | N/A        | N/A        |

\*Information prior to 2014 is unavailable

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry Age Normal   |
| Amortization method           | Level Dollar, Open*  |
| Remaining amortization period | 18 years*  |
| Asset valuation method        | 5-Year smoothed fair value   |
| Inflation                     | 2.50%  |
| Salary Increases              | N/A  |
| Investment rate of return     | 7.50%  |
| Retirement age                | Any remaining actives are assumed to retire immediately.   |
| Mortality                     | For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All Tables are projected with Scale BB. |

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

**City of Durango, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|  | 2017                |                     |                    | 2016                                   |                    |
|--|---------------------|---------------------|--------------------|--|--------------------|
|  | Original<br>Budget  | Final<br>Budget     | Actual             | Variance<br>Favorable<br>(Unfavorable) | Actual             |
| <b>Revenues</b>  |                     |                     |                    |  |                    |
| Property taxes   | \$ 1,295,000        | \$ 1,295,000        | \$ 1,283,416       | \$ (11,584)                            | \$ 1,270,419       |
| Specific Ownership Taxes   | 115,000             | 115,000             | 141,411            | 26,411                                 | 111,938            |
| Sales taxes  | 16,165,000          | 16,165,000          | 15,581,172         | (583,828)                              | 15,436,263         |
| Use taxes  | 1,200,000           | 1,200,000           | 1,194,087          | (5,913)                                | 871,765            |
| Sales and use tax audit  | 150,000             | 150,000             | 349,562            | 199,562                                | 88,905             |
| La Plata Count shared sales tax                                      | 4,190,000           | 4,190,000           | 4,077,966          | (112,034)                              | 3,854,966          |
| La Plata County joint sales tax                                      | 1,981,720           | 1,981,720           | 2,063,007          | 81,287                                 | 1,979,176          |
| Cigarette tax  | 100,000             | 100,000             | 89,791             | (10,209)                               | 95,190             |
| Franchise fees and occupational taxes                                | 1,818,000           | 1,818,000           | 1,722,803          | (95,197)                               | 1,688,010          |
| Special assessments  | 55,000              | 55,000              | 19,156             | (35,844)                               | 21,832             |
| Intergovernmental  | 2,479,051           | 3,238,780           | 2,624,383          | (614,397)                              | 2,954,863          |
| Licenses and permits   | 908,500             | 908,500             | 909,858            | 1,358                                  | 632,212            |
| Charges for services   | 4,828,419           | 4,828,419           | 4,808,854          | (19,565)                               | 4,334,873          |
| Fines and forfeitures  | 335,000             | 335,000             | 188,606            | (146,394)                              | 244,388            |
| Investment earnings  | 135,000             | 135,000             | 14,644             | (120,356)                              | 93,925             |
| Miscellaneous  | 1,203,850           | 1,203,850           | 1,173,382          | (30,468)                               | 956,369            |
| <b>Total Revenues</b>  | <u>36,959,540</u>   | <u>37,719,269</u>   | <u>36,242,098</u>  | <u>(1,477,171)</u>                     | <u>34,635,094</u>  |
| <b>Expenditures</b>  |                     |                     |                    |  |                    |
| <b>Current</b>   |                     |                     |                    |  |                    |
| General government   | 7,684,595           | 7,935,299           | 7,625,386          | 309,913                                | 7,017,556          |
| Public safety  | 12,322,255          | 12,491,194          | 12,335,341         | 155,853                                | 12,076,794         |
| Public works   | 3,601,626           | 3,602,933           | 3,217,249          | 385,684                                | 3,206,732          |
| Parks and recreation   | 7,000,655           | 7,000,655           | 6,438,685          | 561,970                                | 6,020,691          |
| Library  | 2,322,525           | 2,322,525           | 2,198,153          | 124,372                                | 2,123,310          |
| Community services   | 1,016,096           | 1,512,846           | 1,323,105          | 189,741                                | 1,432,160          |
| Non-departmental   | 1,596,623           | 1,596,623           | 1,563,947          | 32,676                                 | 1,586,592          |
| Principal retirement   | 100,000             | 100,000             | 100,000            | -                                      | 100,000            |
| Interest and fiscal charges  | 87,500              | 87,500              | 87,500             | -                                      | 91,000             |
| <b>Total Expenditures</b>  | <u>35,731,875</u>   | <u>36,649,575</u>   | <u>34,889,366</u>  | <u>1,760,209</u>                       | <u>33,654,835</u>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>1,227,665</u>    | <u>1,069,694</u>    | <u>1,352,732</u>   | <u>283,038</u>                         | <u>980,259</u>     |
| <b>Other Financing Sources (Uses)</b>                                |                     |                     |                    |  |                    |
| Sale of capital assets   | 25,000              | 25,000              | 21,718             | (3,282)                                | 2,395              |
| Transfers in   | 743,038             | 743,038             | 717,488            | (25,550)                               | 567,490            |
| Transfers out  | (2,175,000)         | (2,234,189)         | (2,175,000)        | 59,189                                 | (2,945,000)        |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>(1,406,962)</u>  | <u>(1,466,151)</u>  | <u>(1,435,794)</u> | <u>30,357</u>                          | <u>(2,375,115)</u> |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (179,297)</u> | <u>\$ (396,457)</u> | <u>(83,062)</u>    | <u>\$ 313,395</u>                      | <u>(1,394,856)</u> |
| <b>Fund Balances Beginning of Year - Restated</b>                    |                     |                     | 6,550,249          |  | 8,055,339          |
| Increase in Reserve for Inventory                                    |                     |                     | <u>1,562</u>       |  | <u>5,906</u>       |
| <b>Fund Balances End of Year</b>                                     |                     |                     | \$ 6,468,749       |  | \$ 6,666,389       |

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



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## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds**

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

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

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

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

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

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

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

### **Debt Service Funds**

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

**City of Durango, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - By Fund Type**  
**December 31, 2017**

|  | <b>Nonmajor<br/>Special<br/>Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt<br/>Service<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|--|--|
| <b>Assets</b>                              |   |  |  |
| Cash and investments                       | \$ 523,037  | \$ 517,456                                     | \$ 1,040,493   |
| Receivables                                |   |  |  |
| Accounts                                   | 40,054  | -  | 40,054   |
| Sales and use taxes                        | 443,239   | -  | 443,239  |
| Lodger's taxes                             | 61,413  | -  | 61,413   |
| <b>Total Assets</b>                        | <u>\$ 1,067,743</u>                               | <u>\$ 517,456</u>                              | <u>\$ 1,585,199</u>                                  |
| <b>Liabilities and Fund Balances</b>       |   |  |  |
| <b>Liabilities</b>                         |   |  |  |
| Interfund payable                          | 219,000   | -  | 219,000  |
| <b>Total Liabilities</b>                   | <u>219,000</u>                                    | <u>-</u>                                       | <u>219,000</u>                                       |
| <b>Fund Balances</b>                       |   |  |  |
| Restricted                                 | 427,493   | 517,456  | 944,949  |
| Committed                                  | 381,196   | -  | 381,196  |
| Assigned                                   | 40,054  | -  | 40,054   |
| <b>Total Fund Balances</b>                 | <u>848,743</u>                                    | <u>517,456</u>                                 | <u>1,366,199</u>                                     |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 1,067,743</u>                               | <u>\$ 517,456</u>                              | <u>\$ 1,585,199</u>                                  |

**City of Durango, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - By Fund Type**  
**For the Year Ended December 31, 2017**

|  | <b>Nonmajor<br/>Special<br/>Revenue<br/>Funds</b> | <b>Nonmajor<br/>Debt<br/>Service<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|--|--|
| <b>Revenues</b>  |   |  |  |
| Sales taxes  | \$ 3,895,780                                      | \$ -   | \$ 3,895,780   |
| Use taxes  | 298,567   | -  | 298,567  |
| Lodgers' taxes   | 1,067,684   | -  | 1,067,684  |
| Intergovernmental  | 180,638   | -  | 180,638  |
| Licenses and permits   | 10,500  | -  | 10,500   |
| Charges for services   | 50  | -  | 50   |
| Investment earnings  | 19,035  | -  | 19,035   |
| Miscellaneous  | 511,630   | -  | 511,630  |
| <b>Total Revenues</b>  | <b>5,983,884</b>                                  | <b>-</b>                                       | <b>5,983,884</b>                                     |
| <b>Expenditures</b>  |   |  |  |
| <b>Current</b>   |   |  |  |
| General government   | 1,354   | 43,450   | 44,804   |
| Economic development   | 706,821   | -  | 706,821  |
| <b>Debt Service</b>  |   |  |  |
| Principal retirement   | -   | 2,865,000                                      | 2,865,000  |
| Interest and fiscal charges  | -   | 781,000  | 781,000  |
| <b>Total Expenditures</b>  | <b>708,175</b>                                    | <b>3,689,450</b>                               | <b>4,397,625</b>                                     |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>5,275,709</b>                                  | <b>(3,689,450)</b>                             | <b>1,586,259</b>                                     |
| <b>Other Financing Sources (Uses)</b>                                |   |  |  |
| Issuance of debt   | -   | 10,310,000                                     | 10,310,000   |
| Payments to escrow agent   | -   | (10,258,338)                                   | (10,258,338)   |
| Transfers in   | -   | 3,748,889                                      | 3,748,889  |
| Transfers out  | (8,109,438)                                       | -  | (8,109,438)  |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(8,109,438)</b>                                | <b>3,800,551</b>                               | <b>(4,308,887)</b>                                   |
| <b>Net Change in Fund Balances</b>                                   | <b>(2,833,729)</b>                                | <b>111,101</b>                                 | <b>(2,722,628)</b>                                   |
| <b>Fund Balances Beginning of Year - Restated</b>                    | <b>3,682,472</b>                                  | <b>406,355</b>                                 | <b>4,088,827</b>                                     |
| <b>Fund Balances End of Year</b>                                     | <b>\$ 848,743</b>                                 | <b>\$ 517,456</b>                              | <b>\$ 1,366,199</b>                                  |

**City of Durango, Colorado**  
**General Fund**  
**Comparative Balance Sheet**  
**December 31, 2017 and 2016**

|  | <u>2017</u>          | <u>2016</u>         |
|--|----------------------|---------------------|
| <b>Assets</b>  |                      |                     |
| Cash on hand   | \$ 8,049             | \$ 18,600           |
| Equity in treasurer's cash and investments                                 | 4,120,576            | 3,098,896           |
| Cash held in escrow  | 567,561              | 509,374             |
| Receivables:   |                      |                     |
| Accounts receivable  | 272,922              | 199,203             |
| Property taxes   | 1,349,839            | 1,294,068           |
| Sales and use taxes receivable   | 1,772,689            | 1,768,320           |
| Franchise taxes  | 71,723               | 74,560              |
| Special assessments  | 6,347                | 7,530               |
| Intergovernmental receivables  | 769,924              | 1,201,739           |
| Interest   | 121,590              | 924,715             |
| Interfund  | 966,000              | 845,000             |
| Inventory  | 51,539               | 49,977              |
| <b>Total Assets</b>  | <u>\$ 10,078,759</u> | <u>\$ 9,991,982</u> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                      |                     |
| <b>Liabilities</b>   |                      |                     |
| Accounts payable   | \$ 700,566           | \$ 599,227          |
| Accrued expenditures   | 589,781              | 583,662             |
| Deposits   | 770,391              | 629,999             |
| Unearned revenue   | 199,433              | 218,637             |
| <b>Total Liabilities</b>   | <u>2,260,171</u>     | <u>2,031,525</u>    |
| <b>Deferred Inflows of Resources</b>                                       |                      |                     |
| Property taxes   | 1,349,839            | 1,294,068           |
| <b>Total Deferred Inflows of Resources</b>                                 | <u>1,349,839</u>     | <u>1,294,068</u>    |
| <b>Total Liabilities</b>   | <u>\$ 3,610,010</u>  | <u>\$ 3,325,593</u> |
| <b>Fund Balances</b>   |                      |                     |
| Nonspendable   | 51,539               | 49,977              |
| Restricted   | 1,479,416            | 1,448,321           |
| Committed  | 146,407              | 153,335             |
| Assigned   | 684,432              | 841,280             |
| Unassigned   | 4,106,955            | 4,173,476           |
| <b>Total Fund Balances</b>   | <u>6,468,749</u>     | <u>6,666,389</u>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <u>\$ 10,078,759</u> | <u>\$ 9,991,982</u> |

**City of Durango, Colorado**  
**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017                 |                      |                      | 2016                                   |                      |
|---|----------------------|----------------------|----------------------|--|----------------------|
|   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Favorable<br>(Unfavorable) | Actual               |
| <b>Taxes:</b>                                     |                      |                      |                      |  |                      |
| Property  | \$ 1,295,000         | \$ 1,295,000         | \$ 1,283,416         | \$ (11,584)                            | \$ 1,270,419         |
| Specific ownership                                | 115,000              | 115,000              | 141,411              | 26,411                                 | 111,938              |
| Sales tax   | 16,165,000           | 16,165,000           | 15,581,172           | (583,828)                              | 15,436,263           |
| Use tax   | 1,200,000            | 1,200,000            | 1,194,087            | (5,913)                                | 871,765              |
| Sales and use tax audit                           | 150,000              | 150,000              | 349,562              | 199,562                                | 88,905               |
| La Plata County sales tax                         | 4,190,000            | 4,190,000            | 4,077,966            | (112,034)                              | 3,854,966            |
| Joint sales tax                                   | 1,981,720            | 1,981,720            | 2,063,007            | 81,287                                 | 1,979,176            |
| Cigarette tax                                     | 100,000              | 100,000              | 89,791               | (10,209)                               | 95,190               |
| Franchise and business tax                        | 1,818,000            | 1,818,000            | 1,722,803            | (95,197)                               | 1,688,010            |
| <b>Total Taxes</b>                                | <u>27,014,720</u>    | <u>27,014,720</u>    | <u>26,503,215</u>    | <u>(511,505)</u>                       | <u>25,396,632</u>    |
| <b>Licenses and Permits:</b>                      |                      |                      |                      |  |                      |
| Business license and permits                      | 458,000              | 458,000              | 402,816              | (55,184)                               | 318,859              |
| Building permits                                  | 450,500              | 450,500              | 507,042              | 56,542                                 | 313,353              |
| <b>Total Licenses and Permits</b>                 | <u>908,500</u>       | <u>908,500</u>       | <u>909,858</u>       | <u>1,358</u>                           | <u>632,212</u>       |
| <b>Intergovernmental:</b>                         |                      |                      |                      |  |                      |
| Grants  | 267,051              | 1,026,780            | 674,723              | (352,057)                              | 894,214              |
| Highway user tax                                  | 545,000              | 545,000              | 532,974              | (12,026)                               | 524,141              |
| Severance/mineral lease                           | 455,000              | 455,000              | 152,188              | (302,812)                              | 286,075              |
| Motor vehicle registration                        | 62,000               | 62,000               | 64,891               | 2,891                                  | 64,107               |
| Road and bridge                                   | 175,000              | 175,000              | 186,422              | 11,422                                 | 179,589              |
| Other intergovernmental                           | 975,000              | 975,000              | 1,013,185            | 38,185                                 | 1,006,737            |
| <b>Total Intergovernmental</b>                    | <u>2,479,051</u>     | <u>3,238,780</u>     | <u>2,624,383</u>     | <u>(614,397)</u>                       | <u>2,954,863</u>     |
| <b>Charges for Services:</b>                      |                      |                      |                      |  |                      |
| General government charges                        | 292,750              | 292,750              | 209,355              | (83,395)                               | 239,165              |
| Public safety charges                             | 87,400               | 87,400               | 42,405               | (44,995)                               | 86,311               |
| Cemetery charges                                  | 70,500               | 70,500               | 55,375               | (15,125)                               | 66,175               |
| Recreation Center charges                         | 2,257,490            | 2,257,490            | 2,161,301            | (96,189)                               | 2,146,399            |
| Recreation program charges                        | 1,048,839            | 1,048,839            | 1,018,569            | (30,270)                               | 902,147              |
| <b>Total Charges for Services</b>                 | <u>3,756,979</u>     | <u>3,756,979</u>     | <u>3,487,005</u>     | <u>(269,974)</u>                       | <u>3,440,197</u>     |
| <b>Fines and Forfeits:</b>                        |                      |                      |                      |  |                      |
| Traffic fines                                     | 250,000              | 250,000              | 129,849              | (120,151)                              | 168,797              |
| Non-traffic fines                                 | 65,000               | 65,000               | 36,270               | (28,730)                               | 56,033               |
| Library fines                                     | 20,000               | 20,000               | 22,487               | 2,487                                  | 19,558               |
| <b>Total Fines and Forfeits</b>                   | <u>335,000</u>       | <u>335,000</u>       | <u>188,606</u>       | <u>(146,394)</u>                       | <u>244,388</u>       |
| Special assessments                               | 55,000               | 55,000               | 19,156               | (35,844)                               | 21,832               |
| <b>Miscellaneous</b>                              |                      |                      |                      |  |                      |
| Pension forfeitures                               | 100,000              | 100,000              | 93,476               | (6,524)                                | 85,880               |
| Rents and royalties                               | 460,000              | 460,000              | 331,155              | (128,845)                              | 336,556              |
| Contributions and donations                       | 275,100              | 275,100              | 187,767              | (87,333)                               | 214,444              |
| Other miscellaneous                               | 368,750              | 368,750              | 560,984              | 192,234                                | 319,489              |
| <b>Total Miscellaneous</b>                        | <u>1,203,850</u>     | <u>1,203,850</u>     | <u>1,173,382</u>     | <u>(30,468)</u>                        | <u>956,369</u>       |
| Services provided                                 | 1,071,440            | 1,071,440            | 1,321,849            | 250,409                                | 894,676              |
| Investment earnings                               | 135,000              | 135,000              | 14,644               | (120,356)                              | 93,925               |
| <b>Total Revenues</b>                             | <u>36,959,540</u>    | <u>37,719,269</u>    | <u>36,242,098</u>    | <u>(1,477,171)</u>                     | <u>34,635,094</u>    |
| <b>Other Financing Sources (Uses)</b>             |                      |                      |                      |  |                      |
| Sale of capital assets                            | 25,000               | 25,000               | 21,718               | (3,282)                                | 2,395                |
| Transfers in                                      | 743,038              | 743,038              | 717,488              | (25,550)                               | 567,490              |
| <b>Total Other Financing Sources (Uses)</b>       | <u>768,038</u>       | <u>768,038</u>       | <u>739,206</u>       | <u>(28,832)</u>                        | <u>569,885</u>       |
| <b>Total Revenues and Other Financing Sources</b> | <u>\$ 37,727,578</u> | <u>\$ 38,487,307</u> | <u>\$ 36,981,304</u> | <u>\$ (1,506,003)</u>                  | <u>\$ 35,204,979</u> |

**City of Durango, Colorado**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|                                    | 2017               |                   |                   | 2016                                   |                   |
|------------------------------------|--------------------|-------------------|-------------------|--|-------------------|
|                                    | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) | Actual            |
| <b>General Government</b>          |                    |                   |                   |  |                   |
| Legislative                        |                    |                   |                   |  |                   |
| City council                       | \$ 263,043         | \$ 263,043        | \$ 246,680        | \$ 16,363                              | \$ 232,055        |
| City boards                        | 41,110             | 41,110            | 6,709             | 34,401                                 | 36,589            |
| <b>Total Legislative</b>           | <u>304,153</u>     | <u>304,153</u>    | <u>253,389</u>    | <u>50,764</u>                          | <u>268,644</u>    |
| <b>Executive and Legal</b>         |                    |                   |                   |  |                   |
| City manager                       | 547,047            | 563,547           | 641,120           | (77,573)                               | 534,679           |
| City attorney                      | 350,920            | 350,920           | 336,140           | 14,780                                 | 320,802           |
| <b>Total Executive and Legal</b>   | <u>897,967</u>     | <u>914,467</u>    | <u>977,260</u>    | <u>(62,793)</u>                        | <u>855,481</u>    |
| <b>Administrative</b>              |                    |                   |                   |  |                   |
| Human resources                    | 422,438            | 422,438           | 422,835           | (397)                                  | 379,729           |
| City clerk                         | 604,870            | 604,870           | 609,743           | (4,873)                                | 570,980           |
| Municipal court                    | 309,226            | 309,226           | 272,738           | 36,488                                 | 261,049           |
| Business development               | 95,946             | 95,946            | 95,380            | 566                                    | 129,348           |
| Communications                     | 256,406            | 258,873           | 254,078           | 4,795                                  | 194,712           |
| <b>Total Administrative</b>        | <u>1,688,886</u>   | <u>1,691,353</u>  | <u>1,654,774</u>  | <u>36,579</u>                          | <u>1,535,818</u>  |
| <b>Finance</b>                     |                    |                   |                   |  |                   |
| Accounting                         | 911,274            | 911,274           | 993,178           | (81,904)                               | 721,526           |
| Finance                            | 272,540            | 272,540           | 245,160           | 27,380                                 | 342,581           |
| Information systems                | 1,780,284          | 1,809,352         | 1,805,078         | 4,274                                  | 1,634,693         |
| <b>Total Finance</b>               | <u>2,964,098</u>   | <u>2,993,166</u>  | <u>3,043,416</u>  | <u>(50,250)</u>                        | <u>2,698,800</u>  |
| <b>Community Development</b>       |                    |                   |                   |  |                   |
| Planning                           | 1,635,237          | 1,837,906         | 1,501,948         | 335,958                                | 1,491,002         |
| Natural lands preservation         | -                  | -                 | -                 | -                                      | 94,589            |
| Code enforcement                   | 194,254            | 194,254           | 194,599           | (345)                                  | 167,811           |
| <b>Total Community Development</b> | <u>1,829,491</u>   | <u>2,032,160</u>  | <u>1,696,547</u>  | <u>335,613</u>                         | <u>1,753,402</u>  |
| <b>Total General Government</b>    | <u>7,684,595</u>   | <u>7,935,299</u>  | <u>7,625,386</u>  | <u>309,913</u>                         | <u>7,112,145</u>  |
| <b>Public Safety</b>               |                    |                   |                   |  |                   |
| Police                             |                    |                   |                   |  |                   |
| Administration                     | 2,930,278          | 3,093,257         | 2,324,131         | 769,126                                | 2,973,134         |
| Operations                         | 4,242,678          | 4,248,638         | 4,730,394         | (481,756)                              | 4,076,625         |
| <b>Total Police</b>                | <u>7,172,956</u>   | <u>7,341,895</u>  | <u>7,054,525</u>  | <u>287,370</u>                         | <u>7,049,759</u>  |
| 911 Communications                 | 1,565,793          | 1,565,793         | 1,540,767         | 25,026                                 | 1,444,491         |
| <b>Fire</b>                        |                    |                   |                   |  |                   |
| Fire services                      | 3,583,506          | 3,583,506         | 3,740,049         | (156,543)                              | 3,582,544         |
| <b>Total Public Safety</b>         | <u>12,322,255</u>  | <u>12,491,194</u> | <u>12,335,341</u> | <u>155,853</u>                         | <u>12,076,794</u> |

**City of Durango, Colorado**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|                                     | 2017                 |                      |                      | 2016                                   |                      |
|-------------------------------------|----------------------|----------------------|----------------------|--|----------------------|
|                                     | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Favorable<br>(Unfavorable) | Actual               |
| <b>Public Works</b>                 |                      |                      |                      |  |                      |
| Engineering                         | 818,188              | 819,495              | 751,353              | 68,142                                 | 750,814              |
| Street maintenance                  | 1,617,962            | 1,617,962            | 1,518,009            | 99,953                                 | 1,502,746            |
| Snow and ice                        | 806,841              | 806,841              | 612,117              | 194,724                                | 626,409              |
| Street cleaning                     | 358,635              | 358,635              | 335,770              | 22,865                                 | 326,763              |
| <b>Total Public Works</b>           | <u>3,601,626</u>     | <u>3,602,933</u>     | <u>3,217,249</u>     | <u>385,684</u>                         | <u>3,206,732</u>     |
| <b>Parks and Recreation</b>         |                      |                      |                      |  |                      |
| Parks and recreation administration | 434,650              | 434,650              | 421,694              | 12,956                                 | 417,605              |
| Recreation administration           | 235,251              | 235,251              | 233,157              | 2,094                                  | 225,724              |
| Recreation programs                 | 882,398              | 882,398              | 808,342              | 74,056                                 | 686,662              |
| Cemetery                            | 387,809              | 387,809              | 329,926              | 57,883                                 | 260,431              |
| Parks                               | 2,329,484            | 2,329,484            | 2,038,022            | 291,462                                | 1,815,128            |
| Recreation center                   | 2,271,129            | 2,271,129            | 2,189,237            | 81,892                                 | 2,092,802            |
| Chapman Hill                        | 459,934              | 459,934              | 418,307              | 41,627                                 | 401,084              |
| Mason center                        | -                    | -                    | -                    | -                                      | 26,666               |
| <b>Total Parks and Recreation</b>   | <u>7,000,655</u>     | <u>7,000,655</u>     | <u>6,438,685</u>     | <u>561,970</u>                         | <u>5,926,102</u>     |
| Library                             | <u>2,322,525</u>     | <u>2,322,525</u>     | <u>2,198,153</u>     | <u>124,372</u>                         | <u>2,000,060</u>     |
| Community Services                  | <u>1,016,096</u>     | <u>1,512,846</u>     | <u>1,323,105</u>     | <u>189,741</u>                         | <u>1,432,160</u>     |
| <b>Non-Departmental</b>             |                      |                      |                      |  |                      |
| Miscellaneous                       | 3,183,635            | 3,242,824            | 3,230,898            | 11,926                                 | 4,066,781            |
| Buildings and plant                 | 775,488              | 775,488              | 695,549              | 79,939                                 | 779,061              |
| <b>Total Non-Departmental</b>       | <u>3,959,123</u>     | <u>4,018,312</u>     | <u>3,926,447</u>     | <u>91,865</u>                          | <u>4,845,842</u>     |
|                                     | <u>3,959,123</u>     | <u>4,018,312</u>     | <u>3,926,447</u>     | <u>91,865</u>                          | <u>4,845,842</u>     |
| <b>Total Expenditures</b>           | <u>\$ 37,906,875</u> | <u>\$ 38,883,764</u> | <u>\$ 37,064,366</u> | <u>\$ 1,819,398</u>                    | <u>\$ 36,599,835</u> |

**City of Durango, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2017**

|  | <u>Recreation<br/>Complex/Trails</u> | <u>Revolving<br/>Loan</u> | <u>Durango<br/>Tourism</u> | <u>Parks &amp;<br/>Recreation<br/>Development</u> |
|--|--------------------------------------|---------------------------|----------------------------|---|
| <b>Assets</b>                              |                                      |                           |                            |   |
| Equity in treasurer's cash and investments | \$ 517                               | \$ -                      | \$ 210,595                 | \$ 37,644   |
| Receivables                                |                                      |                           |                            |   |
| Accounts                                   | -                                    | 40,054                    | -                          | -   |
| Sales taxes                                | 443,239                              | -                         | -                          | -   |
| Lodger's taxes                             | -                                    | -                         | 61,413                     | -   |
| <b>Total Assets</b>                        | <u>\$ 443,756</u>                    | <u>\$ 40,054</u>          | <u>\$ 272,008</u>          | <u>\$ 37,644</u>                                  |
| <b>Liabilities and Fund Balances</b>       |                                      |                           |                            |   |
| <b>Liabilities</b>                         |                                      |                           |                            |   |
| Interfund payable                          | 219,000                              | -                         | -                          | -   |
| <b>Total Liabilities</b>                   | <u>219,000</u>                       | <u>-</u>                  | <u>-</u>                   | <u>-</u>  |
| <b>Fund Balances</b>                       |                                      |                           |                            |   |
| Restricted                                 | 224,756                              | -                         | -                          | -   |
| Committed                                  | -                                    | -                         | 272,008                    | 37,644  |
| Assigned                                   | -                                    | 40,054                    | -                          | -   |
| <b>Total Fund Balances</b>                 | <u>224,756</u>                       | <u>40,054</u>             | <u>272,008</u>             | <u>37,644</u>                                     |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 443,756</u>                    | <u>\$ 40,054</u>          | <u>\$ 272,008</u>          | <u>\$ 37,644</u>                                  |

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| <b>Conservation<br/>Trust</b> | <b>Road<br/>Impact</b> | <b>Storm<br/>Drainage</b> | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|-------------------------------|------------------------|---------------------------|---|
| \$ 202,737                    | \$ 64,038              | \$ 7,506                  | \$ 523,037  |
| -                             | -                      | -                         | 40,054  |
| -                             | -                      | -                         | 443,239   |
| -                             | -                      | -                         | 61,413  |
| <u>\$ 202,737</u>             | <u>\$ 64,038</u>       | <u>\$ 7,506</u>           | <u>\$ 1,067,743</u>                                     |
| -                             | -                      | -                         | 219,000   |
| -                             | -                      | -                         | 219,000   |
| 202,737                       | -                      | -                         | 427,493   |
| -                             | 64,038                 | 7,506                     | 381,196   |
| -                             | -                      | -                         | 40,054  |
| <u>202,737</u>                | <u>64,038</u>          | <u>7,506</u>              | <u>848,743</u>  |
| <u>\$ 202,737</u>             | <u>\$ 64,038</u>       | <u>\$ 7,506</u>           | <u>\$ 1,067,743</u>                                     |

**City of Durango, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2017**

|  | <b>Recreation<br/>Complex/Trails</b> | <b>Revolving<br/>Loan</b> | <b>Durango<br/>Tourism</b> | <b>Parks &amp;<br/>Recreation<br/>Development</b> |
|--|--------------------------------------|---------------------------|----------------------------|---|
| <b>Revenues</b>  |                                      |                           |                            |   |
| Sales taxes  | \$ 3,895,780                         | \$ -                      | \$ -                       | \$ -  |
| Use taxes  | 298,567                              | -                         | -                          | -   |
| Lodgers taxes  | -                                    | -                         | 1,067,684                  | -   |
| Intergovernmental  | -                                    | -                         | -                          | -   |
| Licenses and permits   | -                                    | -                         | -                          | 10,500  |
| Charges for services   | -                                    | -                         | -                          | -   |
| Investment earnings  | 16,169                               | -                         | -                          | 1,581   |
| Miscellaneous  | -                                    | 27,992                    | -                          | 17,858  |
| <b>Total Revenues</b>  | <b>4,210,516</b>                     | <b>27,992</b>             | <b>1,067,684</b>           | <b>29,939</b>                                     |
| <b>Expenditures</b>  |                                      |                           |                            |   |
| <b>Current</b>   |                                      |                           |                            |   |
| General government   | -                                    | 1,354                     | -                          | -   |
| Economic development   | -                                    | -                         | 706,821                    | -   |
| <b>Total Expenditures</b>  | <b>-</b>                             | <b>1,354</b>              | <b>706,821</b>             | <b>-</b>  |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <b>4,210,516</b>                     | <b>26,638</b>             | <b>360,863</b>             | <b>29,939</b>                                     |
| <b>Other Financing Sources (Uses)</b>                                |                                      |                           |                            |   |
| Transfers out  | (7,044,438)                          | -                         | (315,000)                  | (150,000)   |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>(7,044,438)</b>                   | <b>-</b>                  | <b>(315,000)</b>           | <b>(150,000)</b>                                  |
| <b>Net Change in Fund Balances</b>                                   | <b>(2,833,922)</b>                   | <b>26,638</b>             | <b>45,863</b>              | <b>(120,061)</b>                                  |
| <b>Fund Balances Beginning of Year - Restated</b>                    | <b>3,058,678</b>                     | <b>13,416</b>             | <b>226,145</b>             | <b>157,705</b>                                    |
| <b>Fund Balances End of Year</b>                                     | <b>\$ 224,756</b>                    | <b>\$ 40,054</b>          | <b>\$ 272,008</b>          | <b>\$ 37,644</b>                                  |

| <b>Conservation<br/>Trust</b> | <b>Road<br/>Impact</b> | <b>Storm<br/>Drainage</b> | <b>Total<br/>Nonmajor<br/>Special<br/>Revenue<br/>Funds</b> |
|-------------------------------|------------------------|---------------------------|---|
| \$ -                          | \$ -                   | \$ -                      | \$ 3,895,780  |
| -                             | -                      | -                         | 298,567   |
| -                             | -                      | -                         | 1,067,684   |
| 180,638                       | -                      | -                         | 180,638   |
| -                             | -                      | -                         | 10,500  |
| -                             | -                      | 50                        | 50  |
| 1,823                         | (583)                  | 45                        | 19,035  |
| -                             | 465,780                | -                         | 511,630   |
| <u>182,461</u>                | <u>465,197</u>         | <u>95</u>                 | <u>5,983,884</u>  |
| -                             | -                      | -                         | 1,354   |
| -                             | -                      | -                         | 706,821   |
| -                             | -                      | -                         | 708,175   |
| <u>182,461</u>                | <u>465,197</u>         | <u>95</u>                 | <u>5,275,709</u>  |
| <u>(200,000)</u>              | <u>(400,000)</u>       | <u>-</u>                  | <u>(8,109,438)</u>  |
| <u>(200,000)</u>              | <u>(400,000)</u>       | <u>-</u>                  | <u>(8,109,438)</u>  |
| (17,539)                      | 65,197                 | 95                        | (2,833,729)   |
| <u>220,276</u>                | <u>(1,159)</u>         | <u>7,411</u>              | <u>3,682,472</u>  |
| <u>\$ 202,737</u>             | <u>\$ 64,038</u>       | <u>\$ 7,506</u>           | <u>\$ 848,743</u>   |

**City of Durango, Colorado**  
***Recreation Complex and Trails Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

|  | <b>2017</b>       | <b>2016</b>         |
|--|-------------------|---------------------|
| <b>Assets</b>                              |                   |                     |
| Equity in treasurer's cash and investments | \$ 517            | \$ 2,662,384        |
| Sales and use taxes receivable             | 443,239           | 442,146             |
| <b>Total Assets</b>                        | <b>\$ 443,756</b> | <b>\$ 3,104,530</b> |
| <b>Liabilities and Fund Balances</b>       |                   |                     |
| <b>Liabilities</b>                         |                   |                     |
| Interfund payable                          | 219,000           | -                   |
| <b>Total Liabilities</b>                   | <b>219,000</b>    | <b>-</b>            |
| <b>Fund Balances</b>                       |                   |                     |
| Restricted                                 | 224,756           | 3,104,530           |
| <b>Total Fund Balances</b>                 | <b>224,756</b>    | <b>3,104,530</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 443,756</b> | <b>\$ 3,104,530</b> |

**City of Durango, Colorado**  
**Recreation Complex and Trails Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017                  |                       |                    | 2016                                   |                     |
|---|-----------------------|-----------------------|--------------------|--|---------------------|
|   | Original<br>Budget    | Final<br>Budget       | Actual             | Variance<br>Favorable<br>(Unfavorable) | Actual              |
| <b>Revenues</b>                                   |                       |                       |                    |  |                     |
| Sales taxes                                       | \$ 4,013,480          | \$ 4,013,480          | \$ 3,895,780       | \$ (117,700)                           | \$ 3,859,520        |
| Use taxes   | 301,000               | 301,000               | 298,567            | (2,433)                                | 217,974             |
| Investment earnings                               | 30,000                | 30,000                | 16,169             | (13,831)                               | 19,765              |
| <b>Total Revenues</b>                             | <u>4,344,480</u>      | <u>4,344,480</u>      | <u>4,210,516</u>   | <u>(133,964)</u>                       | <u>4,097,259</u>    |
| <b>Other Financing Sources (Uses)</b>             |                       |                       |                    |  |                     |
| Transfers out                                     | <u>(6,889,438)</u>    | <u>(7,044,438)</u>    | <u>(7,044,438)</u> | <u>-</u>                               | <u>(1,722,521)</u>  |
| <b>Net Change in Fund Balances</b>                | <u>\$ (2,544,958)</u> | <u>\$ (2,699,958)</u> | <u>(2,833,922)</u> | <u>\$ (133,964)</u>                    | <u>2,374,738</u>    |
| <b>Fund Balances Beginning of Year - Restated</b> |                       |                       | <u>3,058,678</u>   |  | <u>729,792</u>      |
| <b>Fund Balances End of Year</b>                  |                       |                       | <u>\$ 224,756</u>  |  | <u>\$ 3,104,530</u> |

**City of Durango, Colorado**  
***Revolving Loan Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

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|  | <u>2017</u>      | <u>2016</u>      |
|--|------------------|------------------|
| <b>Assets</b>                              |                  |                  |
| Loan Receivables                           | \$ 40,054        | \$ 13,416        |
| <b>Total Assets</b>                        | <u>\$ 40,054</u> | <u>\$ 13,416</u> |
| <b>Liabilities and Fund Balances</b>       |                  |                  |
| <b>Fund Balances</b>                       |                  |                  |
| Assigned                                   | <u>40,054</u>    | <u>13,416</u>    |
| <b>Total Fund Balances</b>                 | <u>40,054</u>    | <u>13,416</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 40,054</u> | <u>\$ 13,416</u> |

**City of Durango, Colorado**  
**Revolving Loan Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2017 and 2016**

|  | <u>2017</u>      | <u>2016</u>      |
|--|------------------|------------------|
| <b>Revenues</b>                        |                  |                  |
| Miscellaneous                          | \$ 27,992        | \$ -             |
| <b>Expenditures</b>                    |                  |                  |
| <b>Current</b>                         |                  |                  |
| General government                     | 1,354            | 1,348            |
| <b>Total Expenditures</b>              | <u>1,354</u>     | <u>1,348</u>     |
| <b>Excess (Deficiency) of Revenues</b> |                  |                  |
| <b>Over (Under) Expenditures</b>       | 26,638           | (1,348)          |
| <b>Fund Balances Beginning of Year</b> | <u>13,416</u>    | <u>14,764</u>    |
| <b>Fund Balances End of Year</b>       | <u>\$ 40,054</u> | <u>\$ 13,416</u> |

**City of Durango, Colorado**  
***Durango Tourism Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

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|  | <b>2017</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
| <b>Assets</b>                              |                   |                   |
| Equity in treasurer's cash and investments | \$ 210,595        | \$ 155,418        |
| Lodger's taxes receivable                  | 61,413            | 70,727            |
| <b>Total Assets</b>                        | <b>\$ 272,008</b> | <b>\$ 226,145</b> |
| <b>Liabilities and Fund Balances</b>       |                   |                   |
| <b>Fund Balances</b>                       |                   |                   |
| Committed                                  | 272,008           | 226,145           |
| <b>Total Fund Balances</b>                 | <b>272,008</b>    | <b>226,145</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 272,008</b> | <b>\$ 226,145</b> |

**City of Durango, Colorado**  
**Durango Tourism Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|  | 2017               |                    |                   | Variance<br>Favorable<br>(Unfavorable) | 2016              |
|--|--------------------|--------------------|-------------------|--|-------------------|
|  | Original<br>Budget | Final<br>Budget    | Actual            |  | Actual            |
| <b>Revenues</b>  |                    |                    |                   |  |                   |
| Lodgers taxes  | \$ 1,014,250       | \$ 1,014,250       | \$ 1,067,684      | \$ 53,434                              | \$ 1,062,509      |
| <b>Total Revenues</b>  | <u>1,014,250</u>   | <u>1,014,250</u>   | <u>1,067,684</u>  | <u>53,434</u>                          | <u>1,062,509</u>  |
| <b>Expenditures</b>  |                    |                    |                   |  |                   |
| Economic development   | 748,920            | 755,420            | 706,821           | 48,599                                 | 806,000           |
| <b>Total Expenditures</b>  | <u>748,920</u>     | <u>755,420</u>     | <u>706,821</u>    | <u>48,599</u>                          | <u>806,000</u>    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>265,330</u>     | <u>258,830</u>     | <u>360,863</u>    | <u>102,033</u>                         | <u>256,509</u>    |
| <b>Other Financing Sources (Uses)</b>                                |                    |                    |                   |  |                   |
| Transfers out  | (270,000)          | (270,000)          | (315,000)         | (45,000)                               | (250,000)         |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (4,670)</u>  | <u>\$ (11,170)</u> | <u>45,863</u>     | <u>\$ 57,033</u>                       | <u>6,509</u>      |
| <b>Fund Balances Beginning of Year - Restated</b>                    |                    |                    | <u>226,145</u>    |  | <u>219,636</u>    |
| <b>Fund Balances End of Year</b>                                     |                    |                    | <u>\$ 272,008</u> |  | <u>\$ 226,145</u> |

**City of Durango, Colorado**  
***Parks and Recreation Development Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

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|  | <b>2017</b>      | <b>2016</b>       |
|--|------------------|-------------------|
| <b>Assets</b>                              |                  |                   |
| Equity in treasurer's cash and investments | \$ 37,644        | \$ 159,520        |
| <b>Total Assets</b>                        | <b>\$ 37,644</b> | <b>\$ 159,520</b> |
| <b>Liabilities and Fund Balances</b>       |                  |                   |
| <b>Fund Balances</b>                       |                  |                   |
| Committed                                  | 37,644           | 159,520           |
| <b>Total Fund Balances</b>                 | <b>37,644</b>    | <b>159,520</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 37,644</b> | <b>\$ 159,520</b> |

**City of Durango, Colorado**  
**Parks and Recreation Development Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017               |                     |                  | Variance<br>Favorable<br>(Unfavorable) | 2016              |
|---|--------------------|---------------------|------------------|--|-------------------|
|   | Original<br>Budget | Final<br>Budget     | Actual           |  | Actual            |
| <b>Revenues</b>                                   |                    |                     |                  |  |                   |
| Licenses and permits                              | \$ 5,000           | \$ 5,000            | \$ 10,500        | \$ 5,500                               | \$ 10,500         |
| Investment earnings                               | 1,600              | 1,600               | 1,581            | (19)                                   | 940               |
| Miscellaneous                                     | 15,000             | 15,000              | 17,858           | 2,858                                  | 24,098            |
| <b>Total Revenues</b>                             | <u>21,600</u>      | <u>21,600</u>       | <u>29,939</u>    | <u>8,339</u>                           | <u>35,538</u>     |
| <b>Other Financing Sources (Uses)</b>             |                    |                     |                  |  |                   |
| Transfers out                                     | -                  | (150,000)           | (150,000)        | -                                      | -                 |
| <b>Net Change in Fund Balances</b>                | <u>\$ 21,600</u>   | <u>\$ (128,400)</u> | <u>(120,061)</u> | <u>\$ 8,339</u>                        | <u>35,538</u>     |
| <b>Fund Balances Beginning of Year - Restated</b> |                    |                     | <u>157,705</u>   |  | <u>123,982</u>    |
| <b>Fund Balances End of Year</b>                  |                    |                     | <u>\$ 37,644</u> |  | <u>\$ 159,520</u> |

**City of Durango, Colorado**  
**Conservation Trust Fund**  
**Comparative Balance Sheet**  
**December 31, 2017 and 2016**

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|  | <u>2017</u>       | <u>2016</u>       |
|--|-------------------|-------------------|
| <b>Assets</b>                              |                   |                   |
| Equity in treasurer's cash and investments | \$ 202,737        | \$ 229,261        |
| <b>Total Assets</b>                        | <u>\$ 202,737</u> | <u>\$ 229,261</u> |
| <b>Liabilities and Fund Balances</b>       |                   |                   |
| <b>Fund Balances</b>                       |                   |                   |
| Restricted                                 | <u>202,737</u>    | <u>229,261</u>    |
| <b>Total Fund Balances</b>                 | <u>202,737</u>    | <u>229,261</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 202,737</u> | <u>\$ 229,261</u> |

**City of Durango, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017               |                   |                   | 2016                                   |                   |
|---|--------------------|-------------------|-------------------|--|-------------------|
|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) | Actual            |
| <b>Revenues</b>                                   |                    |                   |                   |  |                   |
| Intergovernmental                                 | \$ 185,000         | \$ 185,000        | \$ 180,638        | \$ (4,362)                             | \$ 198,662        |
| Investment earnings                               | 8,000              | 8,000             | 1,823             | (6,177)                                | 6,700             |
| <b>Total Revenues</b>                             | <u>193,000</u>     | <u>193,000</u>    | <u>182,461</u>    | <u>(10,539)</u>                        | <u>205,362</u>    |
| <b>Other Financing Sources (Uses)</b>             |                    |                   |                   |  |                   |
| Transfers out                                     | -                  | (200,000)         | (200,000)         | -                                      | (585,870)         |
| <b>Net Change in Fund Balances</b>                | <u>\$ 193,000</u>  | <u>\$ (7,000)</u> | <u>(17,539)</u>   | <u>\$ (10,539)</u>                     | <u>(380,508)</u>  |
| <b>Fund Balances Beginning of Year - Restated</b> |                    |                   | <u>220,276</u>    |  | <u>609,769</u>    |
| <b>Fund Balances End of Year</b>                  |                    |                   | <u>\$ 202,737</u> |  | <u>\$ 229,261</u> |

**City of Durango, Colorado**  
**Road Impact Fund**  
**Comparative Balance Sheet**  
**December 31, 2017 and 2016**

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|  | <u>2017</u>      | <u>2016</u>     |
|--|------------------|-----------------|
| <b>Assets</b>                              |                  |                 |
| Equity in treasurer's cash and investments | \$ 64,038        | \$ 2,889        |
| <b>Total Assets</b>                        | <u>\$ 64,038</u> | <u>\$ 2,889</u> |
| <b>Liabilities and Fund Balances</b>       |                  |                 |
| <b>Fund Balances</b>                       |                  |                 |
| Committed                                  | <u>64,038</u>    | <u>2,889</u>    |
| <b>Total Fund Balances</b>                 | <u>64,038</u>    | <u>2,889</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 64,038</u> | <u>\$ 2,889</u> |

**City of Durango, Colorado**  
**Road Impact Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017               |                  |                  | Variance<br>Favorable<br>(Unfavorable) | 2016            |
|---|--------------------|------------------|------------------|--|-----------------|
|   | Original<br>Budget | Final<br>Budget  | Actual           |  | Actual          |
| <b>Revenues</b>                                   |                    |                  |                  |  |                 |
| Investment earnings                               | \$ 3,000           | \$ 3,000         | \$ (583)         | \$ (3,583)                             | \$ 2,692        |
| Miscellaneous                                     | 450,000            | 450,000          | 465,780          | 15,780                                 | 307,419         |
| <b>Total Revenues</b>                             | <u>453,000</u>     | <u>453,000</u>   | <u>465,197</u>   | <u>12,197</u>                          | <u>310,111</u>  |
| <b>Other Financing Sources (Uses)</b>             |                    |                  |                  |  |                 |
| Transfers out                                     | (400,000)          | (400,000)        | (400,000)        | -                                      | (360,000)       |
| <b>Net Change in Fund Balances</b>                | <u>\$ 53,000</u>   | <u>\$ 53,000</u> | <u>65,197</u>    | <u>\$ 12,197</u>                       | <u>(49,889)</u> |
| <b>Fund Balances Beginning of Year - Restated</b> |                    |                  | <u>(1,159)</u>   |  | <u>52,778</u>   |
| <b>Fund Balances End of Year</b>                  |                    |                  | <u>\$ 64,038</u> |  | <u>\$ 2,889</u> |

**City of Durango, Colorado**  
**Storm Drainage Fund**  
**Comparative Balance Sheet**  
**December 31, 2017 and 2016**

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|  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| <b>Assets</b>                              |                 |                 |
| Equity in treasurer's cash and investments | \$ 7,506        | \$ 7,767        |
| <b>Total Assets</b>                        | <u>\$ 7,506</u> | <u>\$ 7,767</u> |
| <b>Liabilities and Fund Balances</b>       |                 |                 |
| <b>Fund Balances</b>                       |                 |                 |
| Committed                                  | <u>7,506</u>    | <u>7,767</u>    |
| <b>Total Fund Balances</b>                 | <u>7,506</u>    | <u>7,767</u>    |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 7,506</u> | <u>\$ 7,767</u> |

**City of Durango, Colorado**  
**Storm Drainage Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2016)*

|   | 2017               |                 |                 | 2016                                   |                 |
|---|--------------------|-----------------|-----------------|--|-----------------|
|   | Original<br>Budget | Final<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) | Actual          |
| <b>Revenues</b>                                   |                    |                 |                 |  |                 |
| Charges for services                              | \$ 1,000           | \$ 1,000        | \$ 50           | \$ (950)                               | \$ -            |
| Investment earnings                               | 500                | 500             | 45              | (455)                                  | 59              |
| <b>Total Revenues</b>                             | <u>1,500</u>       | <u>1,500</u>    | 95              | <u>(1,405)</u>                         | <u>59</u>       |
| <b>Net Change in Fund Balances</b>                | <u>\$ 1,500</u>    | <u>\$ 1,500</u> | 95              | <u>\$ (1,405)</u>                      | 59              |
| <b>Fund Balances Beginning of Year - Restated</b> |                    |                 | <u>7,411</u>    |  | <u>7,708</u>    |
| <b>Fund Balances End of Year</b>                  |                    |                 | <u>\$ 7,506</u> |  | <u>\$ 7,767</u> |

**City of Durango, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2017**

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|  | Sales Tax<br>Bonds Debt<br>Service Funds | 2007 Sales Tax<br>Bonds Debt<br>Service Fund | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|--|--|--|
| <b>Assets</b>                              |  |  |  |
| Equity in treasurer's cash and investments | \$ 98,796                                | \$ 418,660                                   | \$ 517,456                                 |
| <b>Fund balances</b>                       |  |  |  |
| Restricted                                 | \$ 98,796                                | \$ 418,660                                   | \$ 517,456                                 |

**City of Durango, Colorado**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2017*

|   | <b>Sales Tax<br/>Bonds Debt<br/>Service Funds</b> | <b>2007 Sales Tax<br/>Bonds Debt<br/>Service Fund</b> | <b>Total<br/>Nonmajor<br/>Debt Service<br/>Funds</b> |
|---|---|---|--|
| <b>Expenditures</b>                         |   |   |  |
| <b>Debt Service</b>                         |   |   |  |
| General government                          | \$ -  | \$ 43,450   | \$ 43,450  |
| Principal retirement                        | 1,085,000   | 1,780,000   | 2,865,000  |
| Interest and fiscal charges                 | 91,638  | 689,362   | 781,000  |
| <b>Total Expenditures</b>                   | <u>1,176,638</u>                                  | <u>2,512,812</u>                                      | <u>3,689,450</u>                                     |
| <b>Other financing sources (uses)</b>       |   |   |  |
| Issuance of debt                            | -   | 10,310,000  | 10,310,000   |
| Payments to escrow agent                    | -   | (10,258,338)  | (10,258,338)   |
| Transfers in                                | 1,177,188   | 2,571,701   | 3,748,889  |
| <b>Total Other Financing Sources (Uses)</b> | <u>1,177,188</u>                                  | <u>2,623,363</u>                                      | <u>3,800,551</u>                                     |
| <b>Net Change in Fund Balances</b>          | 550   | 110,551   | 111,101  |
| <b>Fund Balances Beginning of Year</b>      | <u>98,246</u>                                     | <u>308,109</u>  | <u>406,355</u>                                       |
| <b>Fund Balances End of Year</b>            | <u>\$ 98,796</u>                                  | <u>\$ 418,660</u>                                     | <u>\$ 517,456</u>                                    |

**City of Durango, Colorado**  
***Sales Tax Bonds Debt Service Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

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|  | <u>2017</u>      | <u>2016</u>      |
|--|------------------|------------------|
| <b>Assets</b>                              |                  |                  |
| Equity in treasurer's cash and investments | \$ <u>98,796</u> | \$ <u>98,246</u> |
| <b>Fund balances</b>                       |                  |                  |
| Restricted                                 | \$ <u>98,796</u> | \$ <u>98,246</u> |

**City of Durango, Colorado**  
**Sales Tax Bonds Debt Service Fund**  
**Comparative Statement of Expenditures**  
**and Changes in Fund Balances**  
**For the Years Ended December 31, 2017 and 2016**

|   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| <b>Expenditures</b>                         |                  |                  |
| <b>Debt Service</b>                         |                  |                  |
| Principal retirement                        | \$ 1,085,000     | \$ 1,040,000     |
| Interest and fiscal charges                 | <u>91,638</u>    | <u>133,237</u>   |
| <b>Total Expenditures</b>                   | <u>1,176,638</u> | <u>1,173,237</u> |
| <b>Other financing sources (uses)</b>       |                  |                  |
| Transfers in                                | <u>1,177,188</u> | <u>1,173,521</u> |
| <b>Total Other Financing Sources (Uses)</b> | <u>1,177,188</u> | <u>1,173,521</u> |
| <b>Net Change in Fund Balances</b>          | 550              | 284              |
| <b>Fund Balances Beginning of Year</b>      | <u>98,246</u>    | <u>97,962</u>    |
| <b>Fund Balances End of Year</b>            | <u>\$ 98,796</u> | <u>\$ 98,246</u> |

**City of Durango, Colorado**  
**2007 Sales Tax Bonds Debt Service Fund**  
**Comparative Balance Sheet**  
**December 31, 2017 and 2016**

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|  | <u>2017</u>       | <u>2016</u>       |
|--|-------------------|-------------------|
| <b>Assets</b>                              |                   |                   |
| Equity in treasurer's cash and investments | \$ <u>418,660</u> | \$ <u>308,109</u> |
| <b>Fund balances</b>                       |                   |                   |
| Restricted                                 | \$ <u>418,660</u> | \$ <u>308,109</u> |

**City of Durango, Colorado**  
**2007 Sales Tax Bonds Debt Service Fund**  
**Comparative Statement of Expenditures**  
**and Changes in Fund Balances**  
**For the Years Ended December 31, 2017 and 2016**

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| <b>Expenditures</b>                         |                   |                   |
| <b>Debt Service</b>                         |                   |                   |
| General government                          | \$ 43,450         | \$ 53,250         |
| Principal retirement                        | 1,780,000         | 775,000           |
| Interest and fiscal charges                 | <u>689,362</u>    | <u>832,854</u>    |
| <b>Total Expenditures</b>                   | <u>2,512,812</u>  | <u>1,661,104</u>  |
| <b>Other financing sources (uses)</b>       |                   |                   |
| Issuance of debt                            | 10,310,000        | 9,580,000         |
| Payments to escrow agent                    | (10,258,338)      | (10,409,413)      |
| Transfers in                                | <u>2,571,701</u>  | <u>2,583,116</u>  |
| <b>Total Other Financing Sources (Uses)</b> | <u>2,623,363</u>  | <u>1,753,703</u>  |
| <b>Net Change in Fund Balances</b>          | 110,551           | 92,599            |
| <b>Fund Balances Beginning of Year</b>      | <u>308,109</u>    | <u>215,510</u>    |
| <b>Fund Balances End of Year</b>            | <u>\$ 418,660</u> | <u>\$ 308,109</u> |

**City of Durango, Colorado**  
*Capital Projects Fund*  
**Comparative Balance Sheet**  
*December 31, 2017 and 2016*

|  | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| Equity in treasurer's cash and investments                                 | \$ 9,405,470        | \$ 5,335,908        |
| Receivables:   |                     |                     |
| Intergovernmental receivables  | -                   | 1,231,284           |
| <b>Total Assets</b>  | <b>\$ 9,405,470</b> | <b>\$ 6,567,192</b> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                     |                     |
| <b>Liabilities</b>   |                     |                     |
| Accounts payable   | \$ 241,912          | \$ 422,140          |
| <b>Total Liabilities</b>   | <b>\$ 241,912</b>   | <b>\$ 422,140</b>   |
| <b>Fund Balances</b>   |                     |                     |
| Committed  | 9,163,558           | 6,145,052           |
| <b>Total Fund Balances</b>   | <b>9,163,558</b>    | <b>6,145,052</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 9,405,470</b> | <b>\$ 6,567,192</b> |

**City of Durango, Colorado**  
**Capital Projects Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
*For the Year Ended December 31, 2017*  
*(With Comparative Actual Totals for the Year Ended December 31, 2016)*

|  | 2017               |                       |                     | 2016                                   |                     |
|--|--------------------|-----------------------|---------------------|--|---------------------|
|  | Original<br>Budget | Final<br>Budget       | Actual              | Variance<br>Favorable<br>(Unfavorable) | Actual              |
| <b>Revenues</b>  |                    |                       |                     |  |                     |
| Intergovernmental  | \$ 350,000         | \$ 2,017,955          | \$ 139,728          | \$ (1,878,227)                         | \$ 2,561,012        |
| Investment earnings  | 75,000             | 75,000                | 72,005              | (2,995)                                | 54,564              |
| Miscellaneous  | -                  | 16,200                | 2,500               | (13,700)                               | 40,367              |
| <b>Total Revenues</b>  | <u>425,000</u>     | <u>2,109,155</u>      | <u>214,233</u>      | <u>(1,894,922)</u>                     | <u>2,655,943</u>    |
| <b>Expenditures</b>  |                    |                       |                     |  |                     |
| General government   | 500,000            | 971,441               | 546,862             | 424,579                                | 742,378             |
| Public works   | 1,425,000          | 4,062,503             | 1,531,073           | 2,531,430                              | 5,450,761           |
| Parks and recreation   | 5,445,000          | 11,247,845            | 2,177,883           | 9,069,962                              | 1,865,550           |
| <b>Total Expenditures</b>  | <u>7,370,000</u>   | <u>16,281,789</u>     | <u>4,255,818</u>    | <u>12,025,971</u>                      | <u>8,058,689</u>    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(6,945,000)</u> | <u>(14,172,634)</u>   | <u>(4,041,585)</u>  | <u>10,131,049</u>                      | <u>(5,402,746)</u>  |
| <b>Other Financing Sources (Uses)</b>                                |                    |                       |                     |  |                     |
| Transfers in   | 7,620,000          | 8,103,540             | 7,853,540           | (250,000)                              | 2,945,000           |
| Transfers out  | -                  | (180,024)             | (180,024)           | -                                      | (800,000)           |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>7,620,000</u>   | <u>7,923,516</u>      | <u>7,673,516</u>    | <u>(250,000)</u>                       | <u>2,145,000</u>    |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ 675,000</u>  | <u>\$ (6,249,118)</u> | <u>3,631,931</u>    | <u>\$ 9,881,049</u>                    | <u>(3,257,746)</u>  |
| <b>Fund Balances Beginning of Year - Restated</b>                    |                    |                       | <u>5,531,627</u>    |  | <u>9,402,798</u>    |
| <b>Fund Balances End of Year</b>                                     |                    |                       | <u>\$ 9,163,558</u> |  | <u>\$ 6,145,052</u> |

**City of Durango, Colorado**  
*Capital Improvements Fund*  
*Comparative Balance Sheet*  
*December 31, 2017 and 2016*

|  | <b>2017</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
| <b>Assets</b>  |                   |                   |
| Equity in treasurer's cash and investments                                 | \$ 961            | \$ 4,552          |
| Receivables:   |                   |                   |
| Sales and use taxes receivable   | 221,486           | 220,940           |
| <b>Total Assets</b>  | <b>\$ 222,447</b> | <b>\$ 225,492</b> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                   |                   |
| <b>Liabilities</b>   |                   |                   |
| Interfund payable  | \$ 291,000        | \$ 465,000        |
| <b>Total Liabilities</b>   | <b>\$ 291,000</b> | <b>\$ 465,000</b> |
| <b>Fund Balances</b>   |                   |                   |
| Unassigned   | (68,553)          | (239,508)         |
| <b>Total Fund Balances</b>   | <b>(68,553)</b>   | <b>(239,508)</b>  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 222,447</b> | <b>\$ 225,492</b> |

**City of Durango, Colorado**  
**Capital Improvements Fund**  
*Schedule of Revenues, Expenditures and*  
**Changes in Fund Balances - Budget and Actual**  
*For the Year Ended December 31, 2017*  
**(With Comparative Actual Totals for the Year Ended December 31, 2016)**

|   | 2017               |                    |                    | 2016                                   |                     |
|---|--------------------|--------------------|--------------------|--|---------------------|
|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Favorable<br>(Unfavorable) | Actual              |
| <b>Revenues</b>                                   |                    |                    |                    |  |                     |
| Sales taxes                                       | \$ 1,954,835       | \$ 1,954,835       | \$ 1,946,721       | \$ (8,114)                             | \$ 1,928,602        |
| Use taxes   | 155,000            | 155,000            | 149,193            | (5,807)                                | 108,922             |
| Investment earnings                               | 5,000              | 5,000              | 12,908             | 7,908                                  | 2,957               |
| <b>Total Revenues</b>                             | <u>2,114,835</u>   | <u>2,114,835</u>   | <u>2,108,822</u>   | <u>(6,013)</u>                         | <u>2,040,481</u>    |
| <b>Other Financing Sources (Uses)</b>             |                    |                    |                    |  |                     |
| Transfers in                                      | 650,000            | 650,000            | 650,000            | -                                      | 660,000             |
| Transfers out                                     | (2,584,129)        | (2,584,129)        | (2,571,701)        | 12,428                                 | (2,583,116)         |
| <b>Total Other Financing Sources (Uses)</b>       | <u>(1,934,129)</u> | <u>(1,934,129)</u> | <u>(1,921,701)</u> | <u>12,428</u>                          | <u>(1,923,116)</u>  |
| <b>Net Change in Fund Balances</b>                | <u>\$ 180,706</u>  | <u>\$ 180,706</u>  | 187,121            | <u>\$ 6,415</u>                        | 117,365             |
| <b>Fund Balances Beginning of Year - Restated</b> |                    |                    | <u>(255,674)</u>   |  | <u>(356,873)</u>    |
| <b>Fund Balances End of Year</b>                  |                    |                    | <u>\$ (68,553)</u> |  | <u>\$ (239,508)</u> |

**City of Durango, Colorado**  
***Parks, Open Space and Trails Fund***  
***Comparative Balance Sheet***  
***December 31, 2017 and 2016***

|  | <b>2017</b>       | <b>2016</b>         |
|--|-------------------|---------------------|
| <b>Assets</b>  |                   |                     |
| Equity in treasurer's cash and investments                                 | \$ 207,287        | \$ 2,061,490        |
| Receivables:   |                   |                     |
| Sales and use taxes receivable   | 221,486           | 220,941             |
| Intergovernmental receivables  | 394,518           | 1,697,172           |
| <b>Total Assets</b>  | <b>\$ 823,291</b> | <b>\$ 3,979,603</b> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                   |                     |
| <b>Liabilities</b>   |                   |                     |
| Accounts payable   | \$ 144,416        | \$ 437,375          |
| <b>Total Liabilities</b>   | <b>\$ 144,416</b> | <b>\$ 437,375</b>   |
| <b>Fund Balances</b>   |                   |                     |
| Restricted   | 678,875           | 3,542,228           |
| <b>Total Fund Balances</b>   | <b>678,875</b>    | <b>3,542,228</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 823,291</b> | <b>\$ 3,979,603</b> |

**City of Durango, Colorado**  
**Parks, Open Space and Trails Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Actual Totals for the Year Ended December 31, 2016)**

|  | 2017              |                       |                    | 2016                             |                     |
|--|-------------------|-----------------------|--------------------|----------------------------------|---------------------|
|  | Original Budget   | Final Budget          | Actual             | Variance Favorable (Unfavorable) | Actual              |
| <b>Revenues</b>  |                   |                       |                    |                                  |                     |
| Sales taxes  | \$ 1,954,835      | \$ 1,954,835          | \$ 1,946,721       | \$ (8,114)                       | \$ 1,928,602        |
| Use taxes  | 155,000           | 155,000               | 149,193            | (5,807)                          | 108,922             |
| Intergovernmental  | -                 | 280,000               | 892,353            | 612,353                          | 1,820,876           |
| Investment earnings  | 30,000            | 30,000                | 15,354             | (14,646)                         | 17,002              |
| Miscellaneous  | -                 | 50,635                | 300,635            | 250,000                          | 25,730              |
| <b>Total Revenues</b>  | <u>2,139,835</u>  | <u>2,470,470</u>      | <u>3,304,256</u>   | <u>833,786</u>                   | <u>3,901,132</u>    |
| <b>Expenditures</b>  |                   |                       |                    |                                  |                     |
| Capital Outlay   | <u>1,600,000</u>  | <u>6,956,008</u>      | <u>5,948,601</u>   | <u>1,007,407</u>                 | <u>3,088,627</u>    |
| <b>Total Expenditures</b>  | <u>1,600,000</u>  | <u>6,956,008</u>      | <u>5,948,601</u>   | <u>1,007,407</u>                 | <u>3,088,627</u>    |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <u>539,835</u>    | <u>(4,485,538)</u>    | <u>(2,644,345)</u> | <u>1,841,193</u>                 | <u>812,505</u>      |
| <b>Other Financing Sources (Uses)</b>                            |                   |                       |                    |                                  |                     |
| Transfers in   | -                 | 530,024               | 530,024            | -                                | 1,385,870           |
| Transfers out  | <u>(385,238)</u>  | <u>(713,778)</u>      | <u>(713,778)</u>   | <u>-</u>                         | <u>(318,490)</u>    |
| <b>Total Other Financing Sources (Uses)</b>                      | <u>(385,238)</u>  | <u>(183,754)</u>      | <u>(183,754)</u>   | <u>-</u>                         | <u>1,067,380</u>    |
| <b>Net Change in Fund Balances</b>                               | <u>\$ 154,597</u> | <u>\$ (4,669,292)</u> | <u>(2,828,099)</u> | <u>\$ 1,841,193</u>              | <u>1,879,885</u>    |
| <b>Fund Balances Beginning of Year - Restated</b>                |                   |                       | <u>3,506,974</u>   |                                  | <u>1,662,343</u>    |
| <b>Fund Balances End of Year</b>                                 |                   |                       | <u>\$ 678,875</u>  |                                  | <u>\$ 3,542,228</u> |

## MAJOR ENTERPRISE FUNDS

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

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

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

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

**City of Durango, Colorado**  
**Water Utility Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                               |                      |                      |
| <b>Current Assets</b>                       |                      |                      |
| Equity in treasurer's cash and investments  | \$ 14,262,623        | \$ 11,421,265        |
| <b>Receivables</b>                          |                      |                      |
| Accounts                                    | 666,347              | 538,497              |
| Inventory                                   | 102,700              | 94,281               |
| <b>Total Current Assets</b>                 | <u>15,031,670</u>    | <u>12,054,043</u>    |
| <b>Noncurrent Assets</b>                    |                      |                      |
| Note receivable                             | 163,342              | 165,163              |
| <b>Capital Assets</b>                       |                      |                      |
| Land  | 6,575,919            | 6,575,919            |
| Construction in progress                    | 1,709,568            | 2,739,442            |
| Depreciable capital assets, net             | 33,047,516           | 28,781,773           |
| <b>Total Noncurrent Assets</b>              | <u>41,496,345</u>    | <u>38,262,297</u>    |
| <b>Total Assets</b>                         | <u>56,528,015</u>    | <u>50,316,340</u>    |
| <b>Liabilities</b>                          |                      |                      |
| <b>Current Liabilities</b>                  |                      |                      |
| Accounts payable                            | 993,854              | 354,135              |
| Accrued wages                               | 43,288               | 42,499               |
| Compensated Absences - due in one year      | 50,027               | 42,033               |
| Loan payable                                | 183,183              | 179,663              |
| <b>Total Current Liabilities</b>            | <u>1,270,352</u>     | <u>618,330</u>       |
| <b>Long Term Liabilities</b>                |                      |                      |
| Compensated absences net of current portion | 50,027               | 42,033               |
| Loan payable net of current portion         | 3,097,372            | 3,280,555            |
| <b>Total Liabilities</b>                    | <u>4,417,751</u>     | <u>3,940,918</u>     |
| <b>Net Position</b>                         |                      |                      |
| Net investment in capital assets            | 38,052,448           | 34,636,916           |
| Unrestricted                                | 14,057,816           | 11,738,506           |
| <b>Total Net Position</b>                   | <u>\$ 52,110,264</u> | <u>\$ 46,375,422</u> |

**City of Durango, Colorado**  
**Water Utility Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Operating Revenues</b>                                       |                      |                      |
| Charges for sales and services                                  | \$ 6,627,997         | \$ 6,088,731         |
| Miscellaneous   | 157,269              | 169,374              |
| <b>Total Operating Revenues</b>                                 | <u>6,785,266</u>     | <u>6,258,105</u>     |
| <b>Operating Expenses</b>                                       |                      |                      |
| Administration  | 315,216              | 376,819              |
| Source of supply  | 10,411               | 1,929                |
| Pumping   | 210,037              | 240,586              |
| Transmission and distribution                                   | 1,096,943            | 1,089,630            |
| Treatment   | 833,343              | 873,044              |
| Meter reading and repairs                                       | 130,716              | 116,272              |
| Non-departmental  | 1,237,864            | 668,389              |
| Payment for services  | 505,500              | 420,150              |
| Depreciation  | 1,199,105            | 1,162,890            |
| <b>Total Operating Expenses</b>                                 | <u>5,539,135</u>     | <u>4,949,709</u>     |
| <b>Operating Income (Loss)</b>                                  | <u>1,246,131</u>     | <u>1,308,396</u>     |
| <b>Non-Operating Revenues (Expenses)</b>                        |                      |                      |
| Gain (Loss) on the sale of capital assets                       | -                    | 1,080                |
| Investment earnings   | 99,674               | 78,200               |
| <b>Total Non-Operating Revenues (Expenses)</b>                  | <u>99,674</u>        | <u>79,280</u>        |
| <b>Income (Loss) Before Capital Contributions and Transfers</b> | 1,345,805            | 1,387,676            |
| Capital contributions   | 4,606,350            | 2,698,735            |
| Transfers in  | -                    | 6,622                |
| Transfers out   | (11,705)             | -                    |
| <b>Change in Net Position</b>                                   | 5,940,450            | 4,093,033            |
| <b>Net Position Beginning of Year - Restated</b>                | <u>46,169,814</u>    | <u>42,282,389</u>    |
| <b>Net Position End of Year</b>                                 | <u>\$ 52,110,264</u> | <u>\$ 46,375,422</u> |

**City of Durango, Colorado**  
**Water Utility Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>  |                            |                         |                     |   |
| Charges for sales and services                                       | \$ 8,000,000               | \$ 8,000,000            | \$ 6,627,997        | \$ (1,372,003)                                  |
| Gain on disposal of assets   | 5,000                      | 5,000                   | -                   | (5,000)   |
| Plant investment fees  | 600,000                    | 600,000                 | 1,451,144           | 851,144   |
| Miscellaneous  | 200,000                    | 200,000                 | 157,269             | (42,731)  |
| Investment earnings  | 140,000                    | 140,000                 | 99,674              | (40,326)  |
| <b>Total Revenues</b>  | <u>8,945,000</u>           | <u>8,945,000</u>        | <u>8,336,084</u>    | <u>(608,916)</u>                                |
| <b>Expenditures</b>  |                            |                         |                     |   |
| Administration   | 499,532                    | 502,279                 | 315,216             | 187,063   |
| Source of supply   | 20,704                     | 20,704                  | 10,411              | 10,293  |
| Pumping  | 426,893                    | 426,893                 | 210,037             | 216,856   |
| Transmission and distribution  | 1,069,427                  | 1,069,427               | 1,096,943           | (27,516)  |
| Treatment  | 1,057,264                  | 1,057,264               | 833,343             | 223,921   |
| Meter reading and repairs  | 138,720                    | 138,720                 | 130,716             | 8,004   |
| Non-departmental   | 7,245,145                  | 15,608,006              | 4,313,457           | 11,294,549                                      |
| Payment for services   | 419,700                    | 419,700                 | 505,500             | (85,800)  |
| <b>Total Expenditures</b>  | <u>10,877,385</u>          | <u>19,242,993</u>       | <u>7,415,623</u>    | <u>11,827,370</u>                               |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ (1,932,385)</u>      | <u>\$ (10,297,993)</u>  | 920,461             | <u>\$ 11,218,454</u>                            |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                     |   |
| Add capital contributions  |                            |                         | 3,155,206           |   |
| Subtract gain on sale of capital assets                              |                            |                         | -                   |   |
| Add capital expenditures capitalized                                 |                            |                         | 3,075,593           |   |
| Subtract capital transfers   |                            |                         | (11,705)            |   |
| Subtract loan principal received                                     |                            |                         | -                   |   |
| Subtract interest expense on loan                                    |                            |                         | -                   |   |
| Subtract depreciation expense  |                            |                         | <u>(1,199,105)</u>  |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 5,940,450</u> |   |

**City of Durango, Colorado**  
**Sewer Utility Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                               |                      |                      |
| <b>Current Assets</b>                       |                      |                      |
| Equity in treasurer's cash and investments  | \$ 6,358,979         | \$ 6,932,517         |
| Cash held with fiscal agent                 | 12,652,236           | 15,475,236           |
| <b>Receivables</b>                          |                      |                      |
| Accounts                                    | 1,048,282            | 945,028              |
| Intergovernmental                           | 3,925,804            | 380,325              |
| Inventory                                   | 1,707                | 5,511                |
| <b>Total Current Assets</b>                 | <u>23,987,008</u>    | <u>23,738,617</u>    |
| <b>Noncurrent Assets</b>                    |                      |                      |
| Note receivable                             | 34,877,001           | 46,581,934           |
| <b>Capital Assets</b>                       |                      |                      |
| Land  | 307,368              | 307,368              |
| Construction in progress                    | 17,914,205           | 4,099,291            |
| Depreciable capital assets, net             | 15,939,485           | 13,167,246           |
| <b>Total Noncurrent Assets</b>              | <u>69,038,059</u>    | <u>64,155,839</u>    |
| <b>Total Assets</b>                         | <u>93,025,067</u>    | <u>87,894,456</u>    |
| <b>Liabilities</b>                          |                      |                      |
| <b>Current Liabilities</b>                  |                      |                      |
| Accounts payable                            | 3,946,264            | 897,847              |
| Accrued wages                               | 42,257               | 39,490               |
| Compensated Absences - due in one year      | 21,542               | 33,663               |
| Loan payable                                | 2,441,021            | 2,284,385            |
| Interest Payable                            | 422,766              | -                    |
| <b>Total Current Liabilities</b>            | <u>6,873,850</u>     | <u>3,255,385</u>     |
| <b>Long Term Liabilities</b>                |                      |                      |
| Compensated absences net of current portion | 21,541               | 33,664               |
| Loan payable net of current portion         | 57,415,719           | 59,915,615           |
| <b>Total Liabilities</b>                    | <u>64,311,110</u>    | <u>63,204,664</u>    |
| <b>Net Position</b>                         |                      |                      |
| Net investment in capital assets            | 21,833,553           | 17,573,905           |
| Unrestricted                                | 6,880,404            | 7,115,887            |
| <b>Total Net Position</b>                   | <u>\$ 28,713,957</u> | <u>\$ 24,689,792</u> |

**City of Durango, Colorado**  
**Sewer Utility Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Operating Revenues</b>                                       |                      |                      |
| Charges for sales and services                                  | \$ 7,680,011         | \$ 7,260,261         |
| Miscellaneous   | 7,731                | 4,751                |
| <b>Total Operating Revenues</b>                                 | <u>7,687,742</u>     | <u>7,265,012</u>     |
| <b>Operating Expenses</b>                                       |                      |                      |
| Administration  | 280,578              | 270,913              |
| Treatment   | 1,443,341            | 1,376,943            |
| Collections   | 785,721              | 771,395              |
| Non-departmental  | 623,940              | 297,894              |
| Payment for services  | 563,475              | 210,225              |
| Depreciation  | 723,489              | 734,711              |
| <b>Total Operating Expenses</b>                                 | <u>4,420,544</u>     | <u>3,662,081</u>     |
| <b>Operating Income (Loss)</b>                                  | <u>3,267,198</u>     | <u>3,602,931</u>     |
| <b>Non-Operating Revenues (Expenses)</b>                        |                      |                      |
| Gain (Loss) on the sale of capital assets                       | -                    | 8,480                |
| Interest Expense  | (786,657)            | -                    |
| Intergovernmental grants  | 408,182              | 1,198,409            |
| Investment earnings   | 53,315               | 35,592               |
| <b>Total Non-Operating Revenues (Expenses)</b>                  | <u>(325,160)</u>     | <u>1,242,481</u>     |
| <b>Income (Loss) Before Capital Contributions and Transfers</b> | 2,942,038            | 4,845,412            |
| Capital contributions   | 1,170,548            | 115,914              |
| Transfers out   | (11,705)             | (6,622)              |
| <b>Change in Net Position</b>                                   | 4,100,881            | 4,954,704            |
| <b>Net Position Beginning of Year - Restated</b>                | <u>24,613,076</u>    | <u>19,735,088</u>    |
| <b>Net Position End of Year</b>                                 | <u>\$ 28,713,957</u> | <u>\$ 24,689,792</u> |

**City of Durango, Colorado**  
**Sewer Utility Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>  |                            |                         |                     |   |
| Charges for sales and services                                       | \$ 7,762,500               | \$ 7,762,500            | \$ 7,680,011        | \$ (82,489)                                     |
| Plant investment fees  | 150,000                    | 150,000                 | 104,543             | (45,457)  |
| Miscellaneous  | 5,000                      | 5,000                   | 7,731               | 2,731   |
| Interest Expense   | -                          | -                       | (422,766)           | (422,766)                                       |
| Intergovernmental grants   | 3,823,970                  | 5,823,970               | 408,182             | (5,415,788)                                     |
| Investment earnings  | 75,000                     | 75,000                  | 53,315              | (21,685)  |
| <b>Total Revenues</b>  | <u>11,816,470</u>          | <u>13,816,470</u>       | <u>7,831,016</u>    | <u>(5,985,454)</u>                              |
| <b>Expenditures</b>  |                            |                         |                     |   |
| Administration   | 381,395                    | 384,142                 | 280,578             | 103,564   |
| Treatment  | 1,499,319                  | 1,499,319               | 1,443,341           | 55,978  |
| Collections  | 878,587                    | 878,587                 | 785,721             | 92,866  |
| Non-departmental   | 66,361,875                 | 75,331,199              | 17,925,651          | 57,405,548                                      |
| Payment for services   | 366,475                    | 366,475                 | 563,475             | (197,000)                                       |
| <b>Total Expenditures</b>  | <u>69,487,651</u>          | <u>78,459,722</u>       | <u>20,998,766</u>   | <u>57,460,956</u>                               |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ (57,671,181)</u>     | <u>\$ (64,643,252)</u>  | <u>(13,167,750)</u> | <u>\$ 51,475,502</u>                            |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                     |   |
| Add capital contributions  |                            |                         | 1,066,005           |   |
| Subtract gain on sale of capital assets                              |                            |                         | -                   |   |
| Add capital expenditures capitalized                                 |                            |                         | 17,301,711          |   |
| Subtract capital transfers   |                            |                         | (11,705)            |   |
| Subtract loan principal received                                     |                            |                         | -                   |   |
| Subtract interest expense on loan                                    |                            |                         | (363,891)           |   |
| Subtract depreciation expense  |                            |                         | <u>(723,489)</u>    |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 4,100,881</u> |   |

**City of Durango, Colorado**  
**Sustainable Services Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>                               |                     |                     |
| <b>Current Assets</b>                       |                     |                     |
| Equity in treasurer's cash and investments  | \$ 684,838          | \$ 458,611          |
| <b>Receivables</b>                          |                     |                     |
| Accounts                                    | 248,069             | 392,990             |
| Intergovernmental                           | 5,251               | -                   |
| <b>Total Current Assets</b>                 | <u>938,158</u>      | <u>851,601</u>      |
| <b>Noncurrent Assets</b>                    |                     |                     |
| <b>Capital Assets</b>                       |                     |                     |
| Land  | 89,622              | 89,622              |
| Depreciable capital assets, net             | 2,401,446           | 2,459,486           |
| <b>Total Noncurrent Assets</b>              | <u>2,491,068</u>    | <u>2,549,108</u>    |
| <b>Total Assets</b>                         | <u>3,429,226</u>    | <u>3,400,709</u>    |
| <b>Liabilities</b>                          |                     |                     |
| <b>Current Liabilities</b>                  |                     |                     |
| Accounts payable                            | 58,890              | 36,364              |
| Accrued wages                               | 25,020              | 22,799              |
| Compensated Absences - due in one year      | 27,493              | 24,213              |
| <b>Total Current Liabilities</b>            | <u>111,403</u>      | <u>83,376</u>       |
| <b>Long Term Liabilities</b>                |                     |                     |
| Compensated absences net of current portion | 27,493              | 24,213              |
| <b>Total Liabilities</b>                    | <u>138,896</u>      | <u>107,589</u>      |
| <b>Net Position</b>                         |                     |                     |
| Net investment in capital assets            | 2,491,068           | 2,549,108           |
| Unrestricted                                | 799,262             | 744,012             |
| <b>Total Net Position</b>                   | <u>\$ 3,290,330</u> | <u>\$ 3,293,120</u> |

**City of Durango, Colorado**  
**Sustainable Services Fund**  
**Comparative Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2017 and 2016**

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Operating Revenues</b>                                       |                     |                     |
| Charges for sales and services                                  | \$ 2,467,388        | \$ 2,261,480        |
| Miscellaneous   | 113,607             | 117,044             |
| <b>Total Operating Revenues</b>                                 | <u>2,580,995</u>    | <u>2,378,524</u>    |
| <b>Operating Expenses</b>                                       |                     |                     |
| Collections   | 1,122,451           | 1,089,864           |
| Recycling   | 584,423             | 441,506             |
| Recycling center  | 272,524             | 304,024             |
| Sustainability  | 95,475              | 94,550              |
| Non-departmental  | 94,583              | 105,467             |
| Payment for services  | 257,605             | 221,355             |
| Depreciation  | 139,882             | 141,202             |
| <b>Total Operating Expenses</b>                                 | <u>2,566,943</u>    | <u>2,397,968</u>    |
| <b>Operating Income (Loss)</b>                                  | <u>14,052</u>       | <u>(19,444)</u>     |
| <b>Non-Operating Revenues (Expenses)</b>                        |                     |                     |
| Intergovernmental grants  | 21,212              | -                   |
| Investment earnings   | 3,679               | 2,522               |
| <b>Total Non-Operating Revenues (Expenses)</b>                  | <u>24,891</u>       | <u>2,522</u>        |
| <b>Income (Loss) Before Capital Contributions and Transfers</b> | 38,943              | (16,922)            |
| Transfers out   | (35,579)            | -                   |
| <b>Change in Net Position</b>                                   | 3,364               | (16,922)            |
| <b>Net Position Beginning of Year - Restated</b>                | <u>3,286,966</u>    | <u>3,310,042</u>    |
| <b>Net Position End of Year</b>                                 | <u>\$ 3,290,330</u> | <u>\$ 3,293,120</u> |

**City of Durango, Colorado**  
**Sustainable Services Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>Revenues</b>  |                            |                         |                  |   |
| Charges for sales and services                                       | \$ 2,365,500               | \$ 2,365,500            | \$ 2,467,388     | \$ 101,888                                      |
| Miscellaneous  | 110,000                    | 110,000                 | 113,607          | 3,607   |
| Intergovernmental grants   | -                          | -                       | 21,212           | 21,212  |
| Investment earnings  | 5,000                      | 5,000                   | 3,679            | (1,321)   |
| <b>Total Revenues</b>  | <u>2,480,500</u>           | <u>2,480,500</u>        | <u>2,605,886</u> | <u>125,386</u>                                  |
| <b>Expenditures</b>  |                            |                         |                  |   |
| Collections  | 1,173,035                  | 1,173,035               | 1,122,451        | 50,584  |
| Recycling  | 597,956                    | 597,956                 | 584,423          | 13,533  |
| Recycling center   | 353,556                    | 353,556                 | 272,524          | 81,032  |
| Sustainability   | 142,973                    | 142,973                 | 95,475           | 47,498  |
| Non-departmental   | 193,595                    | 193,595                 | 176,425          | 17,170  |
| Payment for services   | 224,605                    | 224,605                 | 257,605          | (33,000)  |
| <b>Total Expenditures</b>  | <u>2,685,720</u>           | <u>2,685,720</u>        | <u>2,508,903</u> | <u>176,817</u>                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ (205,220)</u>        | <u>\$ (205,220)</u>     | 96,983           | <u>\$ 302,203</u>                               |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                  |   |
| Add capital contributions  |                            |                         | -                |   |
| Subtract gain on sale of capital assets                              |                            |                         | -                |   |
| Add capital expenditures capitalized                                 |                            |                         | 81,842           |   |
| Subtract capital transfers   |                            |                         | (35,579)         |   |
| Subtract loan principal received                                     |                            |                         | -                |   |
| Subtract interest expense on loan                                    |                            |                         | -                |   |
| Subtract depreciation expense  |                            |                         | <u>(139,882)</u> |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 3,364</u>  |   |

**City of Durango, Colorado**  
**Transportation Services Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                               |                      |                      |
| <b>Current Assets</b>                       |                      |                      |
| Equity in treasurer's cash and investments  | \$ 1,817,420         | \$ 1,803,302         |
| <b>Receivables</b>                          |                      |                      |
| Accounts                                    | 782                  | 3,440                |
| Intergovernmental                           | 316,096              | 183,867              |
| <b>Total Current Assets</b>                 | <u>2,134,298</u>     | <u>1,990,609</u>     |
| <b>Noncurrent Assets</b>                    |                      |                      |
| <b>Capital Assets</b>                       |                      |                      |
| Land  | 3,886,835            | 3,886,835            |
| Depreciable capital assets, net             | 6,265,094            | 6,666,094            |
| <b>Total Noncurrent Assets</b>              | <u>10,151,929</u>    | <u>10,552,929</u>    |
| <b>Total Assets</b>                         | <u>12,286,227</u>    | <u>12,543,538</u>    |
| <b>Liabilities</b>                          |                      |                      |
| <b>Current Liabilities</b>                  |                      |                      |
| Accounts payable                            | 63,693               | 21,819               |
| Accrued wages                               | 61,206               | 65,017               |
| Compensated Absences - due in one year      | 48,356               | 50,582               |
| <b>Total Current Liabilities</b>            | <u>173,255</u>       | <u>137,418</u>       |
| <b>Long Term Liabilities</b>                |                      |                      |
| Compensated absences net of current portion | 48,355               | 50,581               |
| <b>Total Liabilities</b>                    | <u>221,610</u>       | <u>187,999</u>       |
| <b>Net Position</b>                         |                      |                      |
| Net investment in capital assets            | 10,151,929           | 10,552,929           |
| Unrestricted                                | 1,912,688            | 1,802,610            |
| <b>Total Net Position</b>                   | <u>\$ 12,064,617</u> | <u>\$ 12,355,539</u> |

**City of Durango, Colorado**  
**Transportation Services Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| <b>Operating Revenues</b>                                       |                      |                      |
| Charges for sales and services                                  | \$ 2,246,691         | \$ 2,048,400         |
| Miscellaneous   | 16,215               | 20,333               |
| <b>Total Operating Revenues</b>                                 | <u>2,262,906</u>     | <u>2,068,733</u>     |
| <b>Operating Expenses</b>                                       |                      |                      |
| Administration  | 108,936              | 256,806              |
| Parking operations  | 682,916              | 635,942              |
| Loop system   | 2,146,154            | 2,047,103            |
| Multi-modal   | 165,800              | 94,805               |
| Non-departmental  | 87,056               | 83,588               |
| Payment for services  | 99,906               | 96,656               |
| Depreciation  | 477,569              | 556,889              |
| <b>Total Operating Expenses</b>                                 | <u>3,768,337</u>     | <u>3,771,789</u>     |
| <b>Operating Income (Loss)</b>                                  | <u>(1,505,431)</u>   | <u>(1,703,056)</u>   |
| <b>Non-Operating Revenues (Expenses)</b>                        |                      |                      |
| Gain (Loss) on the sale of capital assets                       | (1,486)              | 100,679              |
| Intergovernmental grants  | 984,700              | 1,444,829            |
| Investment earnings   | 17,574               | 13,801               |
| <b>Total Non-Operating Revenues (Expenses)</b>                  | <u>1,000,788</u>     | <u>1,559,309</u>     |
| <b>Income (Loss) Before Capital Contributions and Transfers</b> | <u>(504,643)</u>     | <u>(143,747)</u>     |
| Transfers in  | 250,000              | 363,373              |
| <b>Change in Net Position</b>                                   | <u>(254,643)</u>     | <u>219,626</u>       |
| <b>Net Position Beginning of Year - Restated</b>                | <u>12,319,260</u>    | <u>12,135,913</u>    |
| <b>Net Position End of Year</b>                                 | <u>\$ 12,064,617</u> | <u>\$ 12,355,539</u> |

**City of Durango, Colorado**  
**Transportation Services Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>  |                            |                         |                     |   |
| Charges for sales and services                                       | \$ 2,301,190               | \$ 2,301,190            | \$ 2,246,691        | \$ (54,499)                                     |
| Gain on disposal of assets   | -                          | -                       | 64                  | 64  |
| Miscellaneous  | 26,200                     | 26,200                  | 16,215              | (9,985)   |
| Intergovernmental grants   | 985,700                    | 985,700                 | 984,700             | (1,000)   |
| Investment earnings  | 24,000                     | 24,000                  | 17,574              | (6,426)   |
| Transfers in   | 250,000                    | 250,000                 | 250,000             | -   |
| <b>Total Revenues</b>  | <u>3,587,090</u>           | <u>3,587,090</u>        | <u>3,515,244</u>    | <u>(71,846)</u>                                 |
| <b>Expenditures</b>  |                            |                         |                     |   |
| Administration   | 193,594                    | 210,542                 | 108,936             | 101,606   |
| Parking operations   | 768,929                    | 768,929                 | 682,916             | 86,013  |
| Loop system  | 2,273,439                  | 2,273,439               | 2,146,154           | 127,285   |
| Multi-modal  | 111,064                    | 111,064                 | 165,800             | (54,736)  |
| Non-departmental   | 108,321                    | 388,272                 | 165,175             | 223,097   |
| Payment for services   | 99,906                     | 99,906                  | 99,906              | -   |
| <b>Total Expenditures</b>  | <u>3,555,253</u>           | <u>3,852,152</u>        | <u>3,368,887</u>    | <u>483,265</u>                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ 31,837</u>           | <u>\$ (265,062)</u>     | 146,357             | <u>\$ 411,419</u>                               |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                     |   |
| Add capital contributions  |                            |                         | -                   |   |
| Subtract gain on sale of capital assets                              |                            |                         | (1,550)             |   |
| Add capital expenditures capitalized                                 |                            |                         | 78,119              |   |
| Add capital transfers  |                            |                         | -                   |   |
| Subtract loan principal received                                     |                            |                         | -                   |   |
| Subtract interest expense on loan                                    |                            |                         | -                   |   |
| Subtract depreciation expense  |                            |                         | <u>(477,569)</u>    |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ (254,643)</u> |   |

## INTERNAL SERVICE FUNDS

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

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

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

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

**City of Durango, Colorado**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2017**

|   | General<br>Services Fund | Capital<br>Equipment<br>Reserve Fund | Self Insurance<br>Fund | Risk Manager<br>Fund | Total               |
|---|--------------------------|--------------------------------------|------------------------|----------------------|---------------------|
| <b>Assets</b>                               |                          |                                      |                        |                      |                     |
| <b>Current Assets</b>                       |                          |                                      |                        |                      |                     |
| Equity in treasurer's cash and investments  | \$ 497,765               | \$ 3,289,072                         | \$ 611                 | \$ 215,662           | \$ 4,003,110        |
| Accounts receivable                         | 38                       | -                                    | 375,419                | -                    | 375,457             |
| Inventory                                   | 80,893                   | 207,518                              | -                      | -                    | 288,411             |
| <b>Total Current Assets</b>                 | <u>578,696</u>           | <u>3,496,590</u>                     | <u>376,030</u>         | <u>215,662</u>       | <u>4,666,978</u>    |
| <b>Noncurrent Assets</b>                    |                          |                                      |                        |                      |                     |
| <b>Capital Assets</b>                       |                          |                                      |                        |                      |                     |
| Prepaid items                               | -                        | -                                    | -                      | 18,480               | 18,480              |
| Land  | 67,889                   | -                                    | -                      | -                    | 67,889              |
| Depreciable capital assets, net             | 1,196,037                | 4,859,837                            | -                      | -                    | 6,055,874           |
| <b>Total Noncurrent Assets</b>              | <u>1,263,926</u>         | <u>4,859,837</u>                     | <u>-</u>               | <u>18,480</u>        | <u>6,142,243</u>    |
| <b>Total Assets</b>                         | <u>1,842,622</u>         | <u>8,356,427</u>                     | <u>376,030</u>         | <u>234,142</u>       | <u>10,809,221</u>   |
| <b>Liabilities</b>                          |                          |                                      |                        |                      |                     |
| <b>Current Liabilities</b>                  |                          |                                      |                        |                      |                     |
| Accounts payable                            | 8,861                    | 36,291                               | 526,559                | 5,880                | 577,591             |
| Accrued wages                               | 2,880                    | 17,131                               | -                      | 2,612                | 22,623              |
| Compensated Absences - due in one year      | 1,215                    | 33,369                               | -                      | 3,706                | 38,290              |
| Interfund payable                           | -                        | -                                    | 456,000                | -                    | 456,000             |
| <b>Total Current Liabilities</b>            | <u>12,956</u>            | <u>86,791</u>                        | <u>982,559</u>         | <u>12,198</u>        | <u>1,094,504</u>    |
| <b>Long Term Liabilities</b>                |                          |                                      |                        |                      |                     |
| Compensated absences net of current portion | 1,215                    | 33,370                               | -                      | 3,706                | 38,291              |
| <b>Total Long Term Liabilities</b>          | <u>1,215</u>             | <u>33,370</u>                        | <u>-</u>               | <u>3,706</u>         | <u>38,291</u>       |
| <b>Total Liabilities</b>                    | <u>14,171</u>            | <u>120,161</u>                       | <u>982,559</u>         | <u>15,904</u>        | <u>1,132,795</u>    |
| <b>Net Position</b>                         |                          |                                      |                        |                      |                     |
| Net investment in capital assets            | 1,263,926                | 4,859,837                            | -                      | -                    | 6,123,763           |
| Unrestricted                                | 564,525                  | 3,376,429                            | (606,529)              | 218,238              | 3,552,663           |
| <b>Total Net Position</b>                   | <u>\$ 1,828,451</u>      | <u>\$ 8,236,266</u>                  | <u>\$ (606,529)</u>    | <u>\$ 218,238</u>    | <u>\$ 9,676,426</u> |

**City of Durango, Colorado**  
**Combining Statement of Revenues**  
**Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2017**

|   | General<br>Services Fund | Capital<br>Equipment<br>Reserve Fund | Self Insurance<br>Fund | Risk Manager<br>Fund | Total               |
|---|--------------------------|--------------------------------------|------------------------|----------------------|---------------------|
| <b>Operating Revenues</b>                               |                          |                                      |                        |                      |                     |
| Charges for sales and services                          | \$ 10,008                | \$ 2,883,768                         | \$ 4,904,548           | \$ -                 | \$ 7,798,324        |
| Services provided                                       | 332,550                  | -                                    | -                      | 1,171,452            | 1,504,002           |
| Miscellaneous   | -                        | 1,159                                | 87,915                 | 13,222               | 102,296             |
| <b>Total Operating Revenues</b>                         | <u>342,558</u>           | <u>2,884,927</u>                     | <u>4,992,463</u>       | <u>1,184,674</u>     | <u>9,404,622</u>    |
| <b>Operating Expenses</b>                               |                          |                                      |                        |                      |                     |
| Administration  | 93,843                   | -                                    | 24,532                 | 113,349              | 231,724             |
| Building maintenance                                    | 133,794                  | -                                    | -                      | -                    | 133,794             |
| Equipment maintenance                                   | -                        | 1,465,452                            | -                      | -                    | 1,465,452           |
| Insurance claims and premiums                           | -                        | -                                    | -                      | 999,793              | 999,793             |
| Medical claims and premiums                             | -                        | -                                    | 4,941,127              | -                    | 4,941,127           |
| Depreciation  | 36,823                   | 1,174,505                            | -                      | -                    | 1,211,328           |
| <b>Total Operating Expenses</b>                         | <u>264,460</u>           | <u>2,639,957</u>                     | <u>4,965,659</u>       | <u>1,113,142</u>     | <u>8,983,218</u>    |
| <b>Operating Income (Loss)</b>                          | <u>78,098</u>            | <u>244,970</u>                       | <u>26,804</u>          | <u>71,532</u>        | <u>421,404</u>      |
| <b>Non-Operating Revenues (Expenses)</b>                |                          |                                      |                        |                      |                     |
| Gain (Loss) on the sale of capital assets               | -                        | 95,328                               | -                      | -                    | 95,328              |
| Investment earnings                                     | 5,478                    | 28,918                               | 5,136                  | 1,812                | 41,344              |
| <b>Total Non-Operating Revenues (Expenses)</b>          | <u>5,478</u>             | <u>124,246</u>                       | <u>5,136</u>           | <u>1,812</u>         | <u>136,672</u>      |
| <b>Income (Loss) Before Contributions and Transfers</b> | 83,576                   | 369,216                              | 31,940                 | 73,344               | 558,076             |
| Transfers in  | -                        | 58,989                               | -                      | -                    | 58,989              |
| <b>Change in Net Position</b>                           | 83,576                   | 428,205                              | 31,940                 | 73,344               | 617,065             |
| <b>Net Position Beginning of Year - Restated</b>        | 1,744,875                | 7,808,061                            | (638,469)              | 144,894              | 9,059,361           |
| <b>Net Position End of Year</b>                         | <u>\$ 1,828,451</u>      | <u>\$ 8,236,266</u>                  | <u>\$ (606,529)</u>    | <u>\$ 218,238</u>    | <u>\$ 9,676,426</u> |

City of Durango, Colorado  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2017

|  | General<br>Services | Capital<br>Equipment<br>Reserve | Self<br>Insurance  | Risk<br>Manager   | Total               |
|--|---------------------|---------------------------------|--------------------|-------------------|---------------------|
| Increase (Decrease) in Cash and Cash Equivalents   |                     |                                 |                    |                   |                     |
| Cash Flows from Operating Activities   |                     |                                 |                    |                   |                     |
| Cash received from customers   | \$ 342,558          | \$ 2,869,799                    | \$ 4,878,176       | \$ 1,198,074      | \$ 9,288,607        |
| Cash payments for personnel services   | (96,700)            | (642,205)                       | -                  | (89,596)          | (828,501)           |
| Cash payments for goods and services   | (144,397)           | (789,693)                       | (24,532)           | (36,219)          | (994,841)           |
| Cash payments for claims and premiums  | -                   | -                               | (4,941,127)        | (999,792)         | (5,940,919)         |
| Net Cash Provided by (Used in) Operating Activities  | <u>101,461</u>      | <u>1,437,901</u>                | <u>(87,483)</u>    | <u>72,467</u>     | <u>1,524,346</u>    |
| Cash Flows from Noncapital Financing Activities  |                     |                                 |                    |                   |                     |
| Interfund payable  | -                   | -                               | 76,000             | -                 | 76,000              |
| Prepaid premium  | -                   | -                               | -                  | (18,480)          | (18,480)            |
| Net Cash Provided by Noncapital Financing Activities   | <u>-</u>            | <u>-</u>                        | <u>76,000</u>      | <u>(18,480)</u>   | <u>57,520</u>       |
| Cash Flows from Capital and Related Financing Activities   |                     |                                 |                    |                   |                     |
| Cash sales of capital assets   | -                   | 98,618                          | -                  | -                 | 98,618              |
| Capital transfers in   | -                   | 58,989                          | -                  | -                 | 58,989              |
| Payments for capital acquisitions  | -                   | (1,665,729)                     | -                  | -                 | (1,665,729)         |
| Net Cash Used in Capital and Related Financing Activities  | <u>-</u>            | <u>(1,508,122)</u>              | <u>-</u>           | <u>-</u>          | <u>(1,508,122)</u>  |
| Cash Flows from Investing Activities   |                     |                                 |                    |                   |                     |
| Investment earnings  | 5,478               | 28,918                          | 5,136              | 1,812             | 41,344              |
| Transfer to General Fund due to restatement  | (4,280)             | (67,152)                        | -                  | (3,319)           | (74,751)            |
| Net Cash Provided from (Used in) Investing Activities  | <u>1,198</u>        | <u>(38,234)</u>                 | <u>5,136</u>       | <u>(1,507)</u>    | <u>(33,407)</u>     |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 102,659             | (108,455)                       | (6,347)            | 52,480            | 40,337              |
| Cash and Cash Equivalents Beginning of Year  | <u>395,106</u>      | <u>3,397,527</u>                | <u>6,958</u>       | <u>163,182</u>    | <u>3,962,773</u>    |
| Cash and Cash Equivalents End of Year  | <u>\$ 497,765</u>   | <u>\$ 3,289,072</u>             | <u>\$ 611</u>      | <u>\$ 215,662</u> | <u>\$ 4,003,110</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities |                     |                                 |                    |                   |                     |
| Operating Income (Loss)  | \$ 78,098           | \$ 244,970                      | \$ 26,804          | \$ 71,532         | \$ 421,404          |
| Adjustments:   |                     |                                 |                    |                   |                     |
| Depreciation   | 36,823              | 1,174,505                       | -                  | -                 | 1,211,328           |
| (Increase) Decrease in Assets:   |                     |                                 |                    |                   |                     |
| Accounts receivable  | (38)                | -                               | (255,179)          | 13,400            | (241,817)           |
| Inventory  | 15,386              | 33,678                          | -                  | -                 | 49,064              |
| Increase (Decrease) in Liabilities:  |                     |                                 |                    |                   |                     |
| Accounts payable   | (24,204)            | (15,128)                        | 140,892            | (14,555)          | 87,005              |
| Accrued wages  | (4,604)             | (124)                           | -                  | 2,090             | (2,638)             |
| Net Cash Provided by (Used in) Operating Activities  | <u>\$ 101,461</u>   | <u>\$ 1,437,901</u>             | <u>\$ (87,483)</u> | <u>\$ 72,467</u>  | <u>\$ 1,524,346</u> |
| Non-cash Investing, Capital and Financing Activities:  |                     |                                 |                    |                   |                     |
| Contributed capital assets   | <u>\$ -</u>         | <u>\$ 58,989</u>                | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 58,989</u>    |

**City of Durango, Colorado**  
**General Services Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <b>2017</b>         |           | <b>2016</b>      |
|---|---------------------|-----------|------------------|
| <b>Assets</b>                               |                     |           |                  |
| <b>Current Assets:</b>                      |                     |           |                  |
| Equity in treasurer's cash and investments  | \$ 497,765          | \$        | 395,106          |
| Accounts receivable                         | 38                  |           | -                |
| Inventory                                   | 80,893              |           | 96,279           |
| <b>Total Current Assets</b>                 | <b>578,696</b>      |           | <b>491,385</b>   |
| <b>Noncurrent Assets</b>                    |                     |           |                  |
| <b>Capital Assets</b>                       |                     |           |                  |
| Land  | 67,889              |           | 67,889           |
| Depreciable capital assets, net             | 1,196,037           |           | 1,232,859        |
| <b>Total Noncurrent Assets</b>              | <b>1,263,926</b>    |           | <b>1,300,748</b> |
| <b>Total Assets</b>                         | <b>1,842,622</b>    |           | <b>1,792,133</b> |
| <b>Liabilities</b>                          |                     |           |                  |
| <b>Current Liabilities:</b>                 |                     |           |                  |
| Accounts payable                            | 8,861               |           | 33,064           |
| Accrued wages                               | 2,880               |           | 3,333            |
| Compensated Absences - due in one year      | 1,215               |           | 3,291            |
| <b>Total Current Liabilities</b>            | <b>12,956</b>       |           | <b>39,688</b>    |
| <b>Long Term Liabilities</b>                |                     |           |                  |
| Compensated absences net of current portion | 1,215               |           | 3,290            |
| <b>Total Liabilities</b>                    | <b>14,171</b>       |           | <b>42,978</b>    |
| <b>Net Position</b>                         |                     |           |                  |
| Net investment in capital assets            | 1,263,926           |           | 1,300,748        |
| Unrestricted                                | 564,525             |           | 448,407          |
| <b>Total Net Position</b>                   | <b>\$ 1,828,451</b> | <b>\$</b> | <b>1,749,155</b> |

**City of Durango, Colorado**  
**General Services Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| <b>Operating Revenues</b>                        |                     |                     |
| Charges for sales and services                   | \$ 10,008           | \$ 24,734           |
| Services provided                                | 332,550             | 525,000             |
| <b>Total Operating Revenues</b>                  | <u>342,558</u>      | <u>549,734</u>      |
| <b>Operating Expenses</b>                        |                     |                     |
| Administration                                   | 93,843              | 123,897             |
| Building maintenance                             | 133,794             | 89,415              |
| Depreciation                                     | 36,823              | 30,282              |
| <b>Total Operating Expenses</b>                  | <u>264,460</u>      | <u>243,594</u>      |
| <b>Operating Income (Loss)</b>                   | <u>78,098</u>       | <u>306,140</u>      |
| <b>Non-Operating Revenues (Expenses)</b>         |                     |                     |
| Investment earnings                              | 5,478               | 2,254               |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <u>5,478</u>        | <u>2,254</u>        |
| <b>Change in Net Position</b>                    | 83,576              | 308,394             |
| <b>Net Position Beginning of Year - Restated</b> | <u>1,744,875</u>    | <u>1,440,761</u>    |
| <b>Net Position End of Year</b>                  | <u>\$ 1,828,451</u> | <u>\$ 1,749,155</u> |

**City of Durango, Colorado**  
**General Services Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>Revenues</b>  |                            |                         |                  |   |
| Charges for sales and services                                       | \$ 5,000                   | \$ 5,000                | \$ 10,008        | \$ 5,008  |
| Services provided  | 332,550                    | 332,550                 | 332,550          | -   |
| Investment earnings  | 2,500                      | 2,500                   | 5,478            | 2,978   |
| <b>Total Revenues</b>  | <u>340,050</u>             | <u>340,050</u>          | <u>348,036</u>   | <u>7,986</u>                                    |
| <b>Expenditures</b>  |                            |                         |                  |   |
| Administration   | 160,742                    | 160,742                 | 93,843           | 66,899  |
| Building maintenance   | 267,559                    | 267,559                 | 133,794          | 133,765   |
| <b>Total Expenditures</b>  | <u>428,301</u>             | <u>428,301</u>          | <u>227,637</u>   | <u>200,664</u>                                  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ (88,251)</u>         | <u>\$ (88,251)</u>      | 120,399          | <u>\$ 208,650</u>                               |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                  |   |
| Subtract loss on sale of capital assets                              |                            |                         | -                |   |
| Add capital expenditures capitalized                                 |                            |                         | -                |   |
| Subtract depreciation expense  |                            |                         | (36,823)         |   |
| Add capital contributions  |                            |                         | -                |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 83,576</u> |   |

**City of Durango, Colorado**  
**Capital Equipment Reserve Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
| <b>Assets</b>                               |              |              |
| <b>Current Assets</b>                       |              |              |
| Equity in treasurer's cash and investments  | \$ 3,289,072 | \$ 3,397,527 |
| Inventory                                   | 207,518      | 241,196      |
| <b>Total Current Assets</b>                 | 3,496,590    | 3,638,723    |
| <b>Noncurrent Assets</b>                    |              |              |
| <b>Capital Assets</b>                       |              |              |
| Depreciable capital assets, net             | 4,859,837    | 4,371,903    |
| <b>Total Noncurrent Assets</b>              | 4,859,837    | 4,371,903    |
| <b>Total Assets</b>                         | 8,356,427    | 8,010,626    |
| <b>Liabilities</b>                          |              |              |
| <b>Current Liabilities</b>                  |              |              |
| Accounts payable                            | 36,291       | 51,419       |
| Accrued wages                               | 17,131       | 19,057       |
| Compensated Absences - due in one year      | 33,369       | 32,469       |
| <b>Total Current Liabilities</b>            | 86,791       | 102,945      |
| <b>Long Term Liabilities</b>                |              |              |
| Compensated absences net of current portion | 33,370       | 32,468       |
| <b>Total Liabilities</b>                    | 120,161      | 135,413      |
| <b>Net Position</b>                         |              |              |
| Net investment in capital assets            | 4,859,837    | 4,371,903    |
| Unrestricted                                | 3,376,429    | 3,503,310    |
| <b>Total Net Position</b>                   | \$ 8,236,266 | \$ 7,875,213 |

**City of Durango, Colorado**  
**Capital Equipment Reserve Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Operating Revenues</b>                               |                     |                     |
| Charges for sales and services                          | \$ 2,883,768        | \$ 2,788,202        |
| Miscellaneous   | 1,159               | 2,013               |
| <b>Total Operating Revenues</b>                         | <u>2,884,927</u>    | <u>2,790,215</u>    |
| <b>Operating Expenses</b>                               |                     |                     |
| Equipment maintenance                                   | 1,465,452           | 1,423,032           |
| Depreciation  | 1,174,505           | 1,241,341           |
| <b>Total Operating Expenses</b>                         | <u>2,639,957</u>    | <u>2,664,373</u>    |
| <b>Operating Income (Loss)</b>                          | <u>244,970</u>      | <u>125,842</u>      |
| <b>Non-Operating Revenues (Expenses)</b>                |                     |                     |
| Gain (Loss) on the sale of capital assets               | 95,328              | 71,276              |
| Investment earnings                                     | 28,918              | 25,190              |
| <b>Total Non-Operating Revenues (Expenses)</b>          | <u>124,246</u>      | <u>96,466</u>       |
| <b>Income (Loss) Before Contributions and Transfers</b> | 369,216             | 222,308             |
| Transfers in  | 58,989              | -                   |
| Transfers out   | -                   | (113,373)           |
| <b>Change in Net Position</b>                           | <u>428,205</u>      | <u>108,935</u>      |
| <b>Net Position Beginning of Year - Restated</b>        | <u>7,808,061</u>    | <u>7,766,278</u>    |
| <b>Net Position End of Year</b>                         | <u>\$ 8,236,266</u> | <u>\$ 7,875,213</u> |

**City of Durango, Colorado**  
**Capital Equipment Reserve Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>Revenues</b>  |                            |                         |                   |   |
| Charges for sales and services                                       | \$ 2,866,568               | \$ 2,866,568            | \$ 2,883,768      | \$ 17,200                                       |
| Gain on disposal of assets   | 150,000                    | 150,000                 | 98,618            | (51,382)  |
| Miscellaneous  | -                          | -                       | 1,159             | 1,159   |
| Investment earnings  | 40,000                     | 40,000                  | 28,918            | (11,082)  |
| <b>Total Revenues</b>  | <u>3,056,568</u>           | <u>3,056,568</u>        | <u>3,012,463</u>  | <u>(44,105)</u>                                 |
| <b>Expenditures</b>  |                            |                         |                   |   |
| Equipment maintenance  | 3,231,024                  | 3,487,674               | 1,465,452         | 2,022,222                                       |
| Non-departmental   | 15,656                     | 15,656                  | -                 | 15,656  |
| <b>Total Expenditures</b>  | <u>3,246,680</u>           | <u>3,503,330</u>        | <u>1,465,452</u>  | <u>2,037,878</u>                                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ (190,112)</u>        | <u>\$ (446,762)</u>     | 1,547,011         | <u>\$ 1,993,773</u>                             |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                   |   |
| Subtract loss on sale of capital assets                              |                            |                         | (3,290)           |   |
| Add capital expenditures capitalized                                 |                            |                         | -                 |   |
| Subtract depreciation expense  |                            |                         | (1,174,505)       |   |
| Add capital contributions  |                            |                         | <u>58,989</u>     |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 428,205</u> |   |

**City of Durango, Colorado**  
*Self Insurance Fund*  
**Comparative Statement of Net Position**  
*December 31, 2017 and 2016*

|  | <b>2017</b>  | <b>2016</b>  |
|--|--------------|--------------|
| <b>Assets</b>                              |              |              |
| <b>Current Assets</b>                      |              |              |
| Equity in treasurer's cash and investments | \$ 611       | \$ 6,958     |
| Accounts receivable                        | 375,419      | 120,240      |
| <b>Total Current Assets</b>                | 376,030      | 127,198      |
| <b>Total Assets</b>                        | 376,030      | 127,198      |
| <b>Liabilities</b>                         |              |              |
| <b>Current Liabilities</b>                 |              |              |
| Accounts payable                           | 526,559      | 385,667      |
| Interfund payable                          | 456,000      | 380,000      |
| <b>Total Liabilities</b>                   | 982,559      | 765,667      |
| <b>Net Position</b>                        |              |              |
| Unrestricted                               | (606,529)    | (638,469)    |
| <b>Total Net Position</b>                  | \$ (606,529) | \$ (638,469) |

**City of Durango, Colorado**  
**Self Insurance Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| <b>Operating Revenues</b>                        |                     |                     |
| Charges for sales and services                   | \$ 4,904,548        | \$ 4,311,285        |
| Miscellaneous                                    | 87,915              | 42,037              |
| <b>Total Operating Revenues</b>                  | <u>4,992,463</u>    | <u>4,353,322</u>    |
| <b>Operating Expenses</b>                        |                     |                     |
| Administration                                   | 24,532              | -                   |
| Medical claims and premiums                      | 4,941,127           | 4,862,831           |
| <b>Total Operating Expenses</b>                  | <u>4,965,659</u>    | <u>4,862,831</u>    |
| <b>Operating Income (Loss)</b>                   | <u>26,804</u>       | <u>(509,509)</u>    |
| <b>Non-Operating Revenues (Expenses)</b>         |                     |                     |
| Investment earnings                              | 5,136               | 2,052               |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <u>5,136</u>        | <u>2,052</u>        |
| <b>Change in Net Position</b>                    | 31,940              | (507,457)           |
| <b>Net Position Beginning of Year - Restated</b> | <u>(638,469)</u>    | <u>(131,012)</u>    |
| <b>Net Position End of Year</b>                  | <u>\$ (606,529)</u> | <u>\$ (638,469)</u> |

**City of Durango, Colorado**  
**Risk Manager Fund**  
**Comparative Statement of Net Position**  
**December 31, 2017 and 2016**

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| <b>Assets</b>                               |                   |                   |
| <b>Current Assets</b>                       |                   |                   |
| Equity in treasurer's cash and investments  | \$ 215,662        | \$ 163,182        |
| Accounts receivable                         | -                 | 13,400            |
| <b>Total Current Assets</b>                 | <u>215,662</u>    | <u>176,582</u>    |
| Prepaid items                               | 18,480            | -                 |
| <b>Noncurrent Assets</b>                    |                   |                   |
| <b>Capital Assets</b>                       |                   |                   |
| <b>Total Noncurrent Assets</b>              | <u>-</u>          | <u>-</u>          |
| <b>Total Assets</b>                         | <u>234,142</u>    | <u>176,582</u>    |
| <b>Liabilities</b>                          |                   |                   |
| <b>Current Liabilities</b>                  |                   |                   |
| Accounts payable                            | 5,880             | 20,435            |
| Accrued wages                               | 2,612             | 2,524             |
| Compensated Absences - due in one year      | 3,706             | 2,705             |
| <b>Total Current Liabilities</b>            | <u>12,198</u>     | <u>25,664</u>     |
| <b>Long Term Liabilities</b>                |                   |                   |
| Compensated absences net of current portion | 3,706             | 2,705             |
| <b>Total Liabilities</b>                    | <u>15,904</u>     | <u>28,369</u>     |
| <b>Net Position</b>                         |                   |                   |
| Unrestricted                                | <u>218,238</u>    | <u>148,213</u>    |
| <b>Total Net Position</b>                   | <u>\$ 218,238</u> | <u>\$ 148,213</u> |

**City of Durango, Colorado**  
**Risk Manager Fund**  
*Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*For the Years Ended December 31, 2017 and 2016*

|  | <u>2017</u>       | <u>2016</u>       |
|--|-------------------|-------------------|
| <b>Operating Revenues</b>                        |                   |                   |
| Services provided                                | \$ 1,171,452      | \$ 1,154,058      |
| Miscellaneous                                    | 13,222            | -                 |
| <b>Total Operating Revenues</b>                  | <u>1,184,674</u>  | <u>1,154,058</u>  |
| <b>Operating Expenses</b>                        |                   |                   |
| Administration                                   | 113,349           | 108,051           |
| Insurance claims and premiums                    | 999,793           | 1,030,674         |
| <b>Total Operating Expenses</b>                  | <u>1,113,142</u>  | <u>1,138,725</u>  |
| <b>Operating Income (Loss)</b>                   | <u>71,532</u>     | <u>15,333</u>     |
| <b>Non-Operating Revenues (Expenses)</b>         |                   |                   |
| Investment earnings                              | 1,812             | 1,546             |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <u>1,812</u>      | <u>1,546</u>      |
| <b>Change in Net Position</b>                    | 73,344            | 16,879            |
| <b>Net Position Beginning of Year - Restated</b> | <u>144,894</u>    | <u>131,334</u>    |
| <b>Net Position End of Year</b>                  | <u>\$ 218,238</u> | <u>\$ 148,213</u> |

**City of Durango, Colorado**  
**Risk Manager Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**For the Year Ended December 31, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <b>Revenues</b>  |                            |                         |                  |   |
| Services provided  | \$ 1,155,959               | \$ 1,155,959            | \$ 1,171,452     | \$ 15,493                                       |
| Miscellaneous  | -                          | -                       | 13,222           | 13,222  |
| Investment earnings  | 2,500                      | 2,500                   | 1,812            | (688)   |
| <b>Total Revenues</b>  | <u>1,158,459</u>           | <u>1,158,459</u>        | <u>1,186,486</u> | <u>28,027</u>                                   |
| <b>Expenditures</b>  |                            |                         |                  |   |
| Administration   | 117,346                    | 117,346                 | 113,349          | 3,997   |
| Insurance claims and premiums  | 998,529                    | 998,529                 | 999,793          | (1,264)   |
| <b>Total Expenditures</b>  | <u>1,115,875</u>           | <u>1,115,875</u>        | <u>1,113,142</u> | <u>2,733</u>                                    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>\$ 42,584</u>           | <u>\$ 42,584</u>        | 73,344           | <u>\$ 30,760</u>                                |
| <b>Reconciliation to GAAP Net Income:</b>                            |                            |                         |                  |   |
| Subtract loss on sale of capital assets                              |                            |                         | -                |   |
| Add capital expenditures capitalized                                 |                            |                         | -                |   |
| Subtract depreciation expense  |                            |                         | -                |   |
| Add capital contributions  |                            |                         | -                |   |
| <b>Net Income (Loss)</b>   |                            |                         | <u>\$ 73,344</u> |   |



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## SPECIAL REPORTS SECTION

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

---

| <b>Fiscal Year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|--------------------|------------------|-----------------|--------------|
| 2018               | 1,135,000        | 48,238          | 1,183,238    |
|                    | \$ 1,135,000     | \$ 48,238       | \$ 1,183,238 |

This schedule pertains to the following issues:

|  | Authorized and Issued | Outstanding  |
|--|-----------------------|--------------|
| Sales & Use Tax Series 2008 originally Issued<br>09/15/1999 and refinanced in 2008 | \$ 14,000,000         | \$ 1,135,000 |

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

---

| <b>Fiscal Year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|--------------------|------------------|-----------------|--------------|
| 2018               | \$ 1,000,000     | \$ 175,440      | \$ 1,175,440 |
| 2019               | 1,015,000        | 155,040         | 1,170,040    |
| 2020               | 1,040,000        | 134,334         | 1,174,334    |
| 2021               | 1,060,000        | 113,118         | 1,173,118    |
| 2022               | 1,085,000        | 91,494          | 1,176,494    |
| 2023               | 1,110,000        | 69,360          | 1,179,360    |
| 2024               | 1,130,000        | 46,716          | 1,176,716    |
| 2025               | 1,160,000        | 23,664          | 1,183,664    |
|                    | \$ 8,600,000     | \$ 809,166      | \$ 9,409,166 |

This schedule pertains to the following issues:

|   | Authorized and Issued | Outstanding  |
|---|-----------------------|--------------|
| Sales & Use Tax Series 2007 Issued 03/13/2007 | \$ 15,890,000         | \$ 8,600,000 |

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

---

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>        |
|--------------------|---------------------|------------------|---------------------|
| 2018               | \$ 830,000          | \$ 65,525        | \$ 895,525          |
| 2019               | <u>860,000</u>      | <u>34,400</u>    | <u>894,400</u>      |
|                    | <u>\$ 1,690,000</u> | <u>\$ 99,925</u> | <u>\$ 1,789,925</u> |

This schedule pertains to the following issues:

|   |                       |                     |
|---|-----------------------|---------------------|
|   | Authorized and Issued | Outstanding         |
| Sales & Use Tax Series 2009 Issued 03/13/2009 | \$ <u>17,585,000</u>  | \$ <u>1,690,000</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> |                  | <u>Interest</u> |                | <u>Total</u>        |
|--------------------|------------------|------------------|-----------------|----------------|---------------------|
| 2018               | \$               | 183,183          | \$              | 63,082         | \$ 246,265          |
| 2019               |                  | 186,773          |                 | 59,493         | 246,265             |
| 2020               |                  | 190,433          |                 | 55,833         | 246,265             |
| 2021               |                  | 194,164          |                 | 52,101         | 246,265             |
| 2022               |                  | 197,969          |                 | 48,297         | 246,265             |
| 2023               |                  | 201,848          |                 | 44,417         | 246,265             |
| 2024               |                  | 205,803          |                 | 40,462         | 246,265             |
| 2025               |                  | 209,836          |                 | 36,429         | 246,265             |
| 2026               |                  | 213,948          |                 | 32,318         | 246,265             |
| 2027               |                  | 218,140          |                 | 28,121         | 246,265             |
| 2028               |                  | 222,413          |                 | 23,851         | 246,265             |
| 2029               |                  | 226,773          |                 | 19,493         | 246,265             |
| 2030               |                  | 231,216          |                 | 15,049         | 246,265             |
| 2031               |                  | 235,747          |                 | 10,518         | 246,265             |
| 2032               |                  | 240,366          |                 | 5,899          | 246,265             |
| 2033               |                  | 121,944          |                 | 1,189          | 123,133             |
|                    | \$               | <u>3,280,556</u> | \$              | <u>536,552</u> | <u>\$ 3,817,108</u> |

This schedule pertains to the following loan:

|                                    | Loan Amount         | Outstanding         |
|------------------------------------|---------------------|---------------------|
| Water Fund Water Storage Loan 2013 | \$ <u>4,000,000</u> | \$ <u>3,280,556</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u> |                  | <u>Interest</u> |                | <u>Total</u>        |
|--------------------|------------------|------------------|-----------------|----------------|---------------------|
| 2018               | \$               | 105,000          | \$              | 84,000         | \$ 189,000          |
| 2019               |                  | 110,000          |                 | 80,325         | 190,325             |
| 2020               |                  | 115,000          |                 | 76,475         | 191,475             |
| 2021               |                  | 115,000          |                 | 72,450         | 187,450             |
| 2022               |                  | 120,000          |                 | 68,425         | 188,425             |
| 2023               |                  | 125,000          |                 | 64,225         | 189,225             |
| 2024               |                  | 130,000          |                 | 59,850         | 189,850             |
| 2025               |                  | 135,000          |                 | 55,300         | 190,300             |
| 2026               |                  | 140,000          |                 | 50,575         | 190,575             |
| 2027               |                  | 145,000          |                 | 45,675         | 190,675             |
| 2028               |                  | 150,000          |                 | 40,600         | 190,600             |
| 2029               |                  | 155,000          |                 | 35,350         | 190,350             |
| 2030               |                  | 160,000          |                 | 29,925         | 189,925             |
| 2031               |                  | 165,000          |                 | 24,325         | 189,325             |
| 2032               |                  | 170,000          |                 | 18,550         | 188,550             |
| 2033               |                  | 175,000          |                 | 12,600         | 187,600             |
| 2034               |                  | 185,000          |                 | 6,475          | 191,475             |
|                    | \$               | <u>2,400,000</u> | \$              | <u>825,125</u> | <u>\$ 3,225,125</u> |

This schedule pertains to the following Lease Purchase Agreement:

|   | Lease Amount        | Outstanding         |
|---|---------------------|---------------------|
| 2014 Certificates of Participation- Wilson Gulch Road | \$ <u>2,700,000</u> | \$ <u>2,400,000</u> |

**City of Durango, Colorado**  
**2016 Sewer Loan**  
**Debt Service Requirements**

| <u>Fiscal Year</u> |    | <u>Principal</u>  |    | <u>Interest</u>   |    | <u>Total</u>      |
|--------------------|----|-------------------|----|-------------------|----|-------------------|
| 2018               | \$ | 2,257,147         | \$ | 1,014,638         | \$ | 3,271,785         |
| 2019               |    | 2,305,290         |    | 966,888           |    | 3,272,178         |
| 2020               |    | 2,352,605         |    | 920,138           |    | 3,272,743         |
| 2021               |    | 2,397,453         |    | 874,388           |    | 3,271,841         |
| 2022               |    | 2,438,775         |    | 829,888           |    | 3,268,663         |
| 2023               |    | 2,481,893         |    | 787,138           |    | 3,269,031         |
| 2024               |    | 2,526,093         |    | 746,138           |    | 3,272,231         |
| 2025               |    | 2,565,548         |    | 707,138           |    | 3,272,686         |
| 2026               |    | 2,602,175         |    | 670,589           |    | 3,272,764         |
| 2027               |    | 2,631,987         |    | 636,888           |    | 3,268,875         |
| 2028               |    | 2,652,863         |    | 618,588           |    | 3,271,451         |
| 2029               |    | 2,665,493         |    | 604,338           |    | 3,269,831         |
| 2030               |    | 2,681,612         |    | 590,426           |    | 3,272,038         |
| 2031               |    | 2,724,196         |    | 548,361           |    | 3,272,557         |
| 2032               |    | 2,794,794         |    | 476,893           |    | 3,271,687         |
| 2033               |    | 2,837,638         |    | 434,354           |    | 3,271,992         |
| 2034               |    | 2,905,237         |    | 362,580           |    | 3,267,817         |
| 2035               |    | 2,981,436         |    | 290,225           |    | 3,271,661         |
| 2036               |    | 3,054,632         |    | 217,871           |    | 3,272,503         |
| 2037               |    | 3,125,615         |    | 144,935           |    | 3,270,550         |
| 2038               |    | 3,200,397         |    | 72,361            |    | 3,272,758         |
|                    | \$ | <u>56,182,879</u> | \$ | <u>12,514,763</u> | \$ | <u>68,697,642</u> |

This schedule pertains to the following Loan

|                 | Loan Amount          | Outstanding          |
|-----------------|----------------------|----------------------|
| 2016 Sewer Loan | \$ <u>58,404,764</u> | \$ <u>56,182,879</u> |

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

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest</u> | <u>Total</u>        |
|--------------------|---------------------|-----------------|---------------------|
| 2018               | \$ 125,000          | \$ -            | \$ 125,000          |
| 2019               | 125,000             | -               | 125,000             |
| 2020               | 125,000             | -               | 125,000             |
| 2021               | 125,000             | -               | 125,000             |
| 2022               | 125,000             | -               | 125,000             |
| 2023               | 125,000             | -               | 125,000             |
| 2024               | 125,000             | -               | 125,000             |
| 2025               | 125,000             | -               | 125,000             |
| 2026               | 125,000             | -               | 125,000             |
| 2027               | 125,000             | -               | 125,000             |
| 2028               | 125,000             | -               | 125,000             |
| 2029               | 125,000             | -               | 125,000             |
| 2030               | 125,000             | -               | 125,000             |
| 2031               | 125,000             | -               | 125,000             |
| 2032               | 125,000             | -               | 125,000             |
| 2033               | 125,000             | -               | 125,000             |
| 2034               | 125,000             | -               | 125,000             |
| 2035               | 125,000             | -               | 125,000             |
| 2036               | 125,000             | -               | 125,000             |
| 2037               | 62,500              | -               | 62,500              |
|                    | \$ <u>2,437,500</u> | \$ <u>-</u>     | \$ <u>2,437,500</u> |

|  |                     |                     |
|--|---------------------|---------------------|
| This schedule pertains to the following Loan | Loan Amount         | Outstanding         |
| 2016 Sewer Loan 0% Interest                  | \$ <u>2,500,000</u> | \$ <u>2,437,500</u> |

**City of Durango, Colorado**  
**2017 Sales and Use Tax Revenue Note**  
**Debt Service Requirements**

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|--------------------|----------------------|---------------------|----------------------|
| 2018               | \$ 100,000           | \$ 264,031          | \$ 364,031           |
| 2019               | 120,000              | 241,977             | 361,977              |
| 2020               | 1,020,000            | 239,133             | 1,259,133            |
| 2021               | 1,040,000            | 214,959             | 1,254,959            |
| 2022               | 1,070,000            | 190,311             | 1,260,311            |
| 2023               | 1,095,000            | 164,952             | 1,259,952            |
| 2024               | 1,120,000            | 139,001             | 1,259,001            |
| 2025               | 1,145,000            | 112,456             | 1,257,456            |
| 2026               | 1,170,000            | 85,320              | 1,255,320            |
| 2027               | 1,200,000            | 57,591              | 1,257,591            |
| 2028               | 1,230,000            | 29,151              | 1,259,151            |
|                    | <u>\$ 10,310,000</u> | <u>\$ 1,738,882</u> | <u>\$ 12,048,882</u> |

This schedule pertains to the following Loan

|  | Loan Amount          | Outstanding          |
|--|----------------------|----------------------|
| Sales and Use Tax Revenue Note Issued<br>11/5/2017 | \$ <u>10,310,000</u> | \$ <u>10,310,000</u> |

|   |                        |                                    |
|---|------------------------|------------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                   |                        | City or County:<br>City of Durango |
|   |                        | YEAR ENDING :<br>December 2017     |
| This Information From The Records Of City of Durango: | Prepared By:<br>Phone: | Julie Brown<br>970-375-5039        |

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

| ITEM   | AMOUNT    | ITEM  | AMOUNT    |
|--|-----------|---|-----------|
| <b>A. Receipts from local sources:</b>                   |           | <b>A. Local highway disbursements:</b>            |           |
| 1. Local highway-user taxes                              |           | 1. Capital outlay (from page 2)                   | 1,087,226 |
| a. Motor Fuel (from Item I.A.5.)                         |           | 2. Maintenance:                                   | 1,518,007 |
| b. Motor Vehicle (from Item I.B.5.)                      |           | 3. Road and street services:                      |           |
| c. Total (a.+b.)   |           | a. Traffic control operations                     |           |
| 2. General fund appropriations                           | 3,710,054 | b. Snow and ice removal                           | 612,117   |
| 3. Other local imposts (from page 2)                     | 465,780   | c. Other  | 335,771   |
| 4. Miscellaneous local receipts (from page 2)            | 81,987    | d. Total (a. through c.)                          | 947,888   |
| 5. Transfers from toll facilities                        |           | 4. General administration & miscellaneous         | 15,000    |
| 6. Proceeds of sale of bonds and notes:                  |           | 5. Highway law enforcement and safety             | 175,000   |
| a. Bonds - Original Issues                               |           | 6. Total (1 through 5)                            | 3,743,121 |
| b. Bonds - Refunding Issues                              |           | <b>B. Debt service on local obligations:</b>      |           |
| c. Notes   |           | 1. Bonds:   |           |
| d. Total (a. + b. + c.)                                  | 0         | a. Interest                                       | 529,010   |
| 7. Total (1 through 6)                                   | 4,257,821 | b. Redemption                                     | 800,000   |
| <b>B. Private Contributions</b>                          |           | c. Total (a. + b.)                                | 1,329,010 |
| <b>C. Receipts from State government (from page 2)</b>   | 597,865   | 2. Notes:   |           |
| <b>D. Receipts from Federal Government (from page 2)</b> | 216,445   | a. Interest                                       |           |
| <b>E. Total receipts (A.7 + B + C + D)</b>               | 5,072,131 | b. Redemption                                     |           |
|  |           | c. Total (a. + b.)                                | 0         |
|  |           | 3. Total (1.c + 2.c)                              | 1,329,010 |
|  |           | <b>C. Payments to State for highways</b>          |           |
|  |           | <b>D. Payments to toll facilities</b>             |           |
|  |           | <b>E. Total disbursements (A.6 + B.3 + C + D)</b> | 5,072,131 |

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

|                              | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| <b>A. Bonds (Total)</b>      |              |               |             | 0            |
| 1. Bonds (Refunding Portion) |              |               |             |              |
| <b>B. Notes (Total)</b>      |              |               |             | 0            |

**V. LOCAL ROAD AND STREET FUND BALANCE**

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 5,072,131         | 5,072,131              |                   | 0                 |

**Notes and Comments:**

|   |                           |  |  |
|---|---------------------------|--|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                             |                           | STATE:<br>Colorado                         |  |
|   |                           | YEAR ENDING (mm/yy):<br>December 2017      |  |
| <b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>       |                           |  |  |
| <b>ITEM</b>   | <b>AMOUNT</b>             | <b>ITEM</b>                                | <b>AMOUNT</b>                            |
| <b>A.3. Other local imposts:</b>                                |                           | <b>A.4. Miscellaneous local receipts:</b>  |  |
| a. Property Taxes and Assessments                               |                           | a. Interest on investments                 | 81,987                                   |
| b. Other local imposts:   |                           | b. Traffic Fines & Penalties               |  |
| 1. Sales Taxes  |                           | c. Parking Garage Fees                     |  |
| 2. Infrastructure & Impact Fees                                 | 465,780                   | d. Parking Meter Fees                      |  |
| 3. Liens  |                           | e. Sale of Surplus Property                |  |
| 4. Licenses   |                           | f. Charges for Services                    |  |
| 5. Specific Ownership &/or Other                                |                           | g. Other Misc. Receipts                    |  |
| 6. Total (1. through 5.)  | 465,780                   | h. Other                                   |  |
| c. Total (a. + b.)  | 465,780                   | i. Total (a. through h.)                   | 81,987                                   |
|   | (Carry forward to page 1) |  | (Carry forward to page 1)                |
| <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b> |                           |  |  |
| <b>ITEM</b>   | <b>AMOUNT</b>             | <b>ITEM</b>                                | <b>AMOUNT</b>                            |
| <b>C. Receipts from State Government</b>                        |                           | <b>D. Receipts from Federal Government</b> |  |
| 1. Highway-user taxes   | 532,974                   | 1. FHWA (from Item I.D.5.)                 |  |
| 2. State general funds  |                           | 2. Other Federal agencies:                 |  |
| 3. Other State funds:   |                           | a. Forest Service                          |  |
| a. State bond proceeds  |                           | b. FEMA                                    |  |
| b. Project Match  |                           | c. HUD                                     |  |
| c. Motor Vehicle Registrations                                  | 64,891                    | d. Federal Transit Admin                   |  |
| d. Other (Specify) - DOLA Grant                                 |                           | e. U.S. Corps of Engineers                 |  |
| e. Other (Specify)  |                           | f. Other Federal                           | 216,445                                  |
| f. Total (a. through e.)  | 64,891                    | g. Total (a. through f.)                   | 216,445                                  |
| 4. Total (1. + 2. + 3.f)  | 597,865                   | 3. Total (1. + 2.g)                        |  |
|   |                           |  | (Carry forward to page 1)                |
|   |                           | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a)    | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) |
|   |                           | TOTAL<br>(c)                               |  |
| <b>A.1. Capital outlay:</b>                                     |                           |  |  |
| a. Right-Of-Way Costs   |                           |  | 0  |
| b. Engineering Costs  |                           | 0  | 0  |
| c. Construction:  |                           |  |  |
| (1). New Facilities   |                           | 76,723                                     | 76,723                                   |
| (2). Capacity Improvements                                      |                           |  | 0  |
| (3). System Preservation  |                           | 1,010,503                                  | 1,010,503                                |
| (4). System Enhancement & Operation                             |                           | 0  | 0  |
| (5). Total Construction (1) + (2) + (3) + (4)                   |                           | 1,087,226                                  | 1,087,226                                |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)             |                           | 1,087,226                                  | 1,087,226                                |
|   |                           |  | (Carry forward to page 1)                |
| <b>Notes and Comments:</b>                                      |                           |  |  |



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# STATISTICAL SECTION

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

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

|  | <b>2008</b>           | <b>2009</b>           | <b>2010</b>           | <b>2011</b>           | <b>2012</b>           | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           | <b>2016</b>           | <b>2017</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities</b>             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 123,488,038        | \$ 116,772,303        | \$ 131,106,992        | \$ 138,286,961        | \$ 141,561,808        | \$ 143,944,307        | \$ 149,052,567        | \$ 153,845,848        | \$ 160,730,499        | \$ 168,087,849        |
| Restricted                                 | 18,300,624            | 29,402,131            | 15,192,125            | 10,028,576            | 14,385,910            | 14,631,856            | 9,628,560             | 4,406,072             | 8,532,447             | 3,027,602             |
| Unrestricted                               | <u>22,379,402</u>     | <u>26,118,296</u>     | <u>27,555,730</u>     | <u>29,500,898</u>     | <u>26,147,979</u>     | <u>25,926,898</u>     | <u>28,998,660</u>     | <u>35,295,804</u>     | <u>32,517,436</u>     | <u>35,588,691</u>     |
| Total governmental activities net position | <u>\$ 164,168,064</u> | <u>\$ 172,292,730</u> | <u>\$ 173,854,847</u> | <u>\$ 177,816,435</u> | <u>\$ 182,095,697</u> | <u>\$ 184,503,061</u> | <u>\$ 187,679,787</u> | <u>\$ 193,547,724</u> | <u>\$ 201,780,382</u> | <u>\$ 206,704,142</u> |
| <b>Business-type activities</b>            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 49,470,011         | \$ 59,333,184         | \$ 59,346,561         | \$ 57,919,227         | \$ 56,674,450         | \$ 62,578,879         | \$ 58,365,508         | \$ 60,179,815         | \$ 65,312,858         | \$ 72,528,998         |
| Unrestricted                               | <u>14,953,834</u>     | <u>14,662,392</u>     | <u>14,110,138</u>     | <u>14,988,073</u>     | <u>15,225,300</u>     | <u>9,429,992</u>      | <u>14,668,271</u>     | <u>17,283,617</u>     | <u>21,401,015</u>     | <u>23,650,170</u>     |
| Total business-type activities             | <u>\$ 64,423,845</u>  | <u>\$ 73,995,576</u>  | <u>\$ 73,456,699</u>  | <u>\$ 72,907,300</u>  | <u>\$ 71,899,750</u>  | <u>\$ 72,008,871</u>  | <u>\$ 73,033,779</u>  | <u>\$ 77,463,432</u>  | <u>\$ 86,713,873</u>  | <u>\$ 96,179,168</u>  |
| <b>Primary Government</b>                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 172,958,049        | \$ 176,105,487        | \$ 190,453,553        | \$ 196,206,188        | \$ 198,236,258        | \$ 206,523,186        | \$ 207,418,075        | \$ 214,025,663        | \$ 226,043,357        | \$ 240,616,847        |
| Restricted                                 | 18,300,624            | 29,402,131            | 15,192,125            | 10,028,576            | 14,385,910            | 14,631,856            | 9,628,560             | 4,406,072             | 8,532,447             | 3,027,602             |
| Unrestricted                               | <u>37,333,236</u>     | <u>40,780,688</u>     | <u>41,665,868</u>     | <u>44,488,971</u>     | <u>41,373,279</u>     | <u>35,356,890</u>     | <u>43,666,931</u>     | <u>52,579,421</u>     | <u>53,918,451</u>     | <u>59,238,861</u>     |
| Total primary government net position      | <u>\$ 228,591,909</u> | <u>\$ 246,288,306</u> | <u>\$ 247,311,546</u> | <u>\$ 250,723,735</u> | <u>\$ 253,995,447</u> | <u>\$ 256,511,932</u> | <u>\$ 260,713,566</u> | <u>\$ 271,011,156</u> | <u>\$ 288,494,255</u> | <u>\$ 302,883,310</u> |

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

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

|  | <b>2008</b>          | <b>2009</b>          | <b>2010</b>          | <b>2011</b>          | <b>2012</b>          | <b>2013</b>          | <b>2014</b>          | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenses</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                     | \$ 7,485,586         | \$ 7,141,096         | \$ 6,459,620         | \$ 6,147,910         | \$ 6,566,189         | \$ 7,894,128         | \$ 8,821,889         | \$ 9,259,225         | \$ 9,568,011         | \$ 8,855,109         |
| Public safety  | 9,544,725            | 10,009,151           | 9,902,478            | 10,026,418           | 10,486,094           | 10,709,354           | 10,867,750           | 11,859,989           | 12,242,685           | 12,335,341           |
| Public works   | 6,636,158            | 6,960,546            | 8,857,481            | 5,596,258            | 5,047,880            | 5,064,353            | 7,740,688            | 9,893,562            | 7,543,224            | 4,748,322            |
| Parks and recreation                                   | 5,325,378            | 5,879,949            | 5,311,387            | 6,870,057            | 8,422,273            | 8,350,689            | 5,625,209            | 6,088,070            | 7,886,241            | 13,907,700           |
| Library  | 2,298,525            | 2,153,041            | 2,116,832            | 2,142,218            | 2,248,888            | 2,290,097            | 2,424,281            | 2,408,555            | 2,123,310            | 2,198,153            |
| Community services                                     | 1,407,035            | 1,482,162            | 1,617,783            | 920,199              | 1,402,040            | 876,147              | 1,621,398            | 1,177,037            | 1,432,160            | 1,323,105            |
| Economic development                                   | 775,406              | 673,492              | 654,121              | 602,258              | 597,252              | 633,280              | 777,227              | 758,775              | 806,000              | 706,821              |
| Joint venture- airport                                 | -                    | -                    | -                    | -                    | -                    | 335,969              | -                    | -                    | -                    | 300,236              |
| Interest   | 1,580,557            | 1,328,152            | 1,584,995            | 1,505,308            | 1,431,999            | 1,354,291            | 1,275,537            | 1,236,752            | 1,136,023            | 794,394              |
| <b>Total governmental activities expenses</b>          | <b>35,053,370</b>    | <b>35,627,588</b>    | <b>36,504,696</b>    | <b>33,810,625</b>    | <b>36,202,615</b>    | <b>37,508,308</b>    | <b>39,153,979</b>    | <b>42,681,965</b>    | <b>42,737,654</b>    | <b>45,169,181</b>    |
| <b>Business-type activities:</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water utility  | 3,294,312            | 3,343,871            | 3,677,741            | 3,546,873            | 3,962,288            | 3,992,105            | 5,048,918            | 4,697,072            | 4,949,709            | 5,539,135            |
| Sewer utility  | 2,235,489            | 2,408,490            | 2,549,096            | 2,804,795            | 2,816,834            | 3,210,315            | 3,687,699            | 3,691,696            | 3,662,081            | 5,207,201            |
| Parking  | 444,885              | 626,990              | 879,317              | 612,136              | 622,324              | 999,530              | -                    | -                    | -                    | -                    |
| Sustainable services                                   | 1,616,559            | 1,407,965            | 1,591,916            | 1,783,260            | 2,251,174            | 2,189,067            | 2,097,284            | 2,146,425            | 2,397,968            | 2,566,943            |
| Transportation Services                                | 1,693,988            | 1,944,269            | 2,216,737            | 2,293,441            | 2,472,008            | 2,498,054            | 3,422,104            | 3,556,523            | 3,771,789            | 3,769,823            |
| <b>Total business-type expenses</b>                    | <b>9,285,233</b>     | <b>9,731,585</b>     | <b>10,914,807</b>    | <b>11,040,505</b>    | <b>12,124,628</b>    | <b>12,889,071</b>    | <b>14,256,005</b>    | <b>14,091,716</b>    | <b>14,781,547</b>    | <b>17,083,102</b>    |
| <b>Total primary government expenses</b>               | <b>\$ 44,338,603</b> | <b>\$ 45,359,173</b> | <b>\$ 47,419,504</b> | <b>\$ 44,851,130</b> | <b>\$ 48,327,243</b> | <b>\$ 50,397,379</b> | <b>\$ 53,409,984</b> | <b>\$ 56,773,681</b> | <b>\$ 57,519,201</b> | <b>\$ 62,252,283</b> |
| <b>Program Revenues</b>                                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental activities:</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Charges for services</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                     | \$ 1,203,152         | \$ 1,152,603         | \$ 1,254,099         | \$ 1,731,124         | \$ 2,485,211         | \$ 1,946,179         | \$ 1,945,001         | \$ 2,671,977         | \$ 1,774,979         | \$ 1,711,347         |
| Public safety  | 764,288              | 880,488              | 895,062              | 912,452              | 1,163,291            | 1,234,866            | 1,056,131            | 1,089,447            | 1,154,793            | 42,407               |
| Public works   | -                    | -                    | -                    | -                    | -                    | -                    | 600                  | -                    | 500                  | 1,050                |
| Parks and recreation                                   | 2,583,429            | 2,512,164            | 2,485,158            | 2,487,984            | 2,733,317            | 2,818,971            | 3,011,398            | 3,124,615            | 3,157,875            | 3,245,745            |
| Library  | 32,118               | 30,320               | 37,997               | 38,292               | 34,431               | 35,236               | 32,870               | 28,206               | 19,558               | -                    |
| Joint venture - airport                                | 2,461,792            | 38,703               | 4,452,278            | 754,844              | 115,006              | -                    | 11,115               | 245,400              | 2,387,802            | -                    |
| Operating grants and contributions                     | 1,674,326            | 927,690              | 2,116,207            | 2,143,915            | 1,182,581            | 1,728,609            | 27,578               | 682,853              | 1,057,299            | 1,904,987            |
| Capital grants and contributions                       | 2,899,365            | 5,092,550            | 4,733,801            | 826,921              | 1,452,777            | 706,725              | 3,273,358            | 5,954,033            | 4,580,550            | 5,288,510            |
| <b>Total governmental activities program revenues</b>  | <b>11,618,470</b>    | <b>10,634,518</b>    | <b>15,974,602</b>    | <b>8,895,532</b>     | <b>9,166,614</b>     | <b>8,470,586</b>     | <b>9,358,051</b>     | <b>13,796,531</b>    | <b>14,133,356</b>    | <b>12,194,046</b>    |
| <b>Business-type activities:</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Charges for services</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water utility  | 3,406,512            | 3,569,170            | 3,520,173            | 3,373,959            | 3,693,867            | 3,534,133            | 4,757,161            | 5,164,166            | 6,088,731            | 6,627,997            |
| Sewer utility  | 1,555,913            | 1,528,977            | 1,568,099            | 1,785,357            | 1,826,540            | 2,788,708            | 4,165,434            | 5,670,452            | 7,260,261            | 7,680,011            |
| Parking  | 949,757              | 929,331              | 1,118,048            | 1,125,497            | 1,098,072            | 966,059              | -                    | -                    | -                    | -                    |
| Sustainable services                                   | 1,263,340            | 1,525,745            | 1,485,061            | 1,990,924            | 1,848,773            | 1,930,001            | 1,957,999            | 2,072,075            | 2,261,480            | 2,467,388            |
| Transportation Services                                | 233,897              | 252,176              | 190,901              | 253,452              | 258,237              | 283,200              | 1,741,650            | 1,903,358            | 2,048,400            | 2,246,691            |
| Operating grants and contributions                     | 544,268              | 2,561,478            | 703,960              | 881,594              | 1,112,344            | 1,427,220            | 1,285,444            | 1,727,167            | 1,027,923            | 1,005,912            |
| Capital grants and contributions                       | 2,090,937            | 2,674,787            | 10,273,045           | 569,033              | 521,610              | 1,420,396            | 900,912              | 1,295,610            | 4,429,964            | 6,185,080            |
| <b>Total business-type activities program revenues</b> | <b>10,044,624</b>    | <b>13,041,664</b>    | <b>18,859,287</b>    | <b>9,979,816</b>     | <b>10,359,443</b>    | <b>12,349,717</b>    | <b>14,808,600</b>    | <b>17,832,828</b>    | <b>23,116,759</b>    | <b>26,213,079</b>    |
| <b>Total primary government program revenues</b>       | <b>\$ 21,663,094</b> | <b>\$ 23,676,182</b> | <b>\$ 34,833,889</b> | <b>\$ 18,875,348</b> | <b>\$ 19,526,057</b> | <b>\$ 20,820,303</b> | <b>\$ 24,166,651</b> | <b>\$ 31,629,359</b> | <b>\$ 37,250,115</b> | <b>\$ 38,407,125</b> |

Changes in Net Position (continued)

|   | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net (expense) revenue                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ (24,418,852) | \$ (19,652,985) | \$ (26,645,407) | \$ (24,915,093) | \$ (27,036,001) | \$ (29,037,722) | \$ (29,795,928) | \$ (28,885,434) | \$ (28,604,298) | \$ (32,975,675) |
| Business-type activities                                  | 3,756,431       | 9,127,702       | (797,968)       | (1,060,689)     | (1,765,185)     | (539,354)       | 552,595         | 3,741,112       | 8,335,212       | 9,129,977       |
| Total primary governmental net expense                    | \$ (20,662,421) | \$ (10,525,283) | \$ (27,443,375) | \$ (25,975,782) | \$ (28,801,186) | \$ (29,577,076) | \$ (29,243,333) | \$ (25,144,322) | \$ (20,269,086) | \$ (23,845,698) |
| <b>General Revenues and Other Changes in Net Position</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Taxes   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Property taxes  | \$ 1,219,985    | \$ 1,265,247    | \$ 1,314,787    | \$ 1,321,708    | \$ 1,199,323    | \$ 1,300,863    | \$ 1,153,727    | \$ 1,175,954    | \$ 1,382,357    | \$ 1,424,827    |
| Sales and use taxes                                       | 19,997,139      | 18,320,651      | 18,334,353      | 18,997,208      | 20,667,890      | 21,693,087      | 22,815,810      | 24,038,473      | 24,549,475      | 25,510,996      |
| Shared sales taxes  | -               | -               | -               | -               | -               | 4,270,249       | 4,523,288       | 4,977,814       | 3,854,966       | 4,077,966       |
| Other shared taxes  | 1,123,048       | 1,195,503       | 974,684         | 1,143,962       | 1,073,087       | 1,017,165       | 1,274,246       | 1,891,568       | 1,979,176       | 2,063,007       |
| Lodgers taxes   | 799,268         | 720,337         | 705,240         | 722,042         | 764,257         | 820,832         | 918,679         | 974,572         | 1,062,509       | 1,067,684       |
| Other taxes   | 5,587,238       | 5,353,117       | 5,784,119       | 5,296,757       | 5,265,185       | 138,508         | 110,407         | 202,161         | 1,149,102       | 1,026,266       |
| Franchise Fees  | -               | -               | -               | -               | -               | 1,009,105       | 1,121,995       | 1,138,859       | 1,532,637       | 1,547,100       |
| Occupational taxes  | -               | -               | -               | -               | -               | 184,394         | 194,394         | 181,147         | 155,373         | 175,703         |
| Gain/loss on disposal of capital assets                   | 3,600           | 7,728           | 3,972           | 4,477           | 464,641         | 26,520          | -               | 11,619          | 2,395           | -               |
| Investment earnings                                       | 1,046,367       | 236,645         | 248,103         | 297,870         | 150,469         | 34,780          | 222,369         | 194,144         | 198,604         | 145,168         |
| Miscellaneous   | 1,371,081       | 813,423         | 922,266         | 1,182,555       | 1,845,407       | 1,351,027       | 1,297,042       | 1,779,906       | 1,333,735       | 1,968,521       |
| Transfers   | (221,558)       | (135,000)       | (80,000)        | (89,898)        | (114,996)       | (169,444)       | (156,847)       | (147,361)       | (363,373)       | (191,011)       |
| Total governmental activities                             | 30,926,168      | 27,777,651      | 28,207,524      | 28,876,681      | 31,315,263      | 31,677,086      | 33,475,110      | 36,418,856      | 36,836,956      | 38,816,227      |
| Business-type activities:                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Gain/loss on disposal of capital assets                   | (27,000)        | 21,655          | (75,379)        | 11,545          | 20,500          | 52,036          | 20,740          | 38,628          | 110,239         | -               |
| Investment earnings                                       | 259,322         | 172,091         | 154,934         | 225,579         | 141,285         | 55,114          | 161,282         | 180,197         | 130,115         | 174,242         |
| Miscellaneous   | 82,085          | 115,283         | 93,678          | 184,268         | 480,854         | 371,881         | 387,731         | 322,355         | 311,502         | 294,822         |
| Transfers   | 221,558         | 135,000         | 80,000          | 89,898          | 114,996         | 169,444         | 156,847         | 147,361         | 363,373         | 191,011         |
| Total business-type activities                            | 535,965         | 444,029         | 253,233         | 511,290         | 757,635         | 648,475         | 726,600         | 688,541         | 915,229         | 660,075         |
| Total primary government                                  | \$ 31,462,133   | \$ 28,221,680   | \$ 28,460,757   | \$ 29,387,971   | \$ 32,072,898   | \$ 32,325,561   | \$ 34,201,710   | \$ 37,107,397   | \$ 37,752,185   | \$ 39,476,302   |
| <b>Change in Net Position</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ 6,507,316    | \$ 8,124,666    | \$ 1,562,117    | \$ 3,961,588    | \$ 4,279,262    | \$ 2,639,364    | \$ 3,679,182    | \$ 7,533,422    | \$ 8,232,658    | \$ 5,840,552    |
| Business-type activities                                  | 4,292,396       | 9,571,731       | (544,735)       | (549,399)       | (1,007,550)     | 109,121         | 1,279,195       | 4,429,653       | 9,250,441       | 9,790,052       |
| Total primary government                                  | \$ 10,799,712   | \$ 17,696,397   | \$ 1,017,382    | \$ 3,412,189    | \$ 3,271,712    | \$ 2,748,485    | \$ 4,958,377    | \$ 11,963,075   | \$ 17,483,099   | \$ 15,630,604   |

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

|                                    | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>         | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund                       |                      |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Nondspendable                      | \$ -                 | \$ -                 | \$ -                 | \$ 30,124           | \$ 16,562            | \$ 15,536            | \$ 45,189            | \$ 44,071            | \$ 49,977            | \$ 51,539            |
| Restricted                         | -                    | -                    | -                    | 1,118,324           | 1,196,604            | 1,284,613            | 1,428,167            | 1,638,931            | 1,448,321            | 1,479,416            |
| Committed                          | -                    | -                    | -                    | -                   | 785,373              | 2,404,098            | 1,500,000            | 42,191               | 153,335              | 146,407              |
| Assigned                           | -                    | -                    | -                    | 218,021             | 7,080,492            | 6,659,658            | 566,016              | 1,574,489            | 841,280              | 684,432              |
| Un-Assigned                        | -                    | -                    | -                    | 7,726,125           | 2,030,212            | 1,542,339            | 5,767,924            | 4,755,657            | 4,173,476            | 4,106,955            |
| Reserved                           | 1,138,051            | 1,106,149            | 1,126,653            | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Unreserved                         | <u>7,253,734</u>     | <u>6,671,418</u>     | <u>7,304,176</u>     | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Total General Fund                 | <u>\$ 8,391,785</u>  | <u>\$ 7,777,567</u>  | <u>\$ 8,430,829</u>  | <u>\$ 9,092,594</u> | <u>\$ 11,109,243</u> | <u>\$ 11,906,244</u> | <u>\$ 9,307,296</u>  | <u>\$ 8,055,339</u>  | <u>\$ 6,666,389</u>  | <u>\$ 6,468,749</u>  |
| All other governmental funds       |                      |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Nondspendable                      | \$ -                 | \$ -                 | \$ -                 | \$ -                | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Restricted                         | -                    | -                    | -                    | 567,495             | 740,722              | 925,001              | 7,241,225            | 6,251,229            | 7,282,374            | 1,623,824            |
| Committed                          | -                    | -                    | -                    | 8,040,453           | 7,875,468            | 7,872,639            | 4,670,089            | 6,871,049            | 6,720,670            | 9,544,754            |
| Assigned                           | -                    | -                    | -                    | 160,190             | 55,772               | 46,994               | 25,361               | 14,764               | (165,881)            | 40,054               |
| Un-Assigned                        | -                    | -                    | -                    | -                   | -                    | (587,668)            | (675,401)            | (356,873)            | (239,508)            | (68,553)             |
| Reserved                           | 1,359,571            | 480,569              | 457,433              | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Unreserved, reported in:           |                      |                      |                      |                     |                      |                      |                      |                      |                      |                      |
| Special revenue funds              | 1,469,671            | 1,333,167            | 2,129,048            | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds             | <u>14,088,389</u>    | <u>26,218,215</u>    | <u>11,285,494</u>    | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Total all other governmental funds | <u>\$ 16,917,631</u> | <u>\$ 28,031,951</u> | <u>\$ 13,871,975</u> | <u>\$ 8,768,138</u> | <u>\$ 8,671,962</u>  | <u>\$ 8,256,966</u>  | <u>\$ 11,261,274</u> | <u>\$ 12,780,169</u> | <u>\$ 13,597,655</u> | <u>\$ 11,140,079</u> |

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

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

|  | <b>2008</b>           | <b>2009</b>          | <b>2010</b>            | <b>2011</b>           | <b>2012</b>         | <b>2013</b>       | <b>2014</b>       | <b>2015</b>       | <b>2016</b>         | <b>2017</b>           |
|--|-----------------------|----------------------|------------------------|-----------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|
| <b>Revenues</b>  |                       |                      |                        |                       |                     |                   |                   |                   |                     |                       |
| Taxes  | \$ 27,603,630         | \$ 25,659,352        | \$ 26,138,499          | \$ 26,337,715         | \$ 27,896,655       | \$ 29,417,038     | \$ 30,978,221     | \$ 33,668,032     | \$ 34,611,683       | \$ 35,957,074         |
| Special Assessments  | 8,008                 | 287                  | 677                    | 760                   | 83,750              | 37,649            | 32,941            | 32,512            | 21,832              | 19,156                |
| Intergovernmental  | 4,869,159             | 3,998,843            | 5,880,258              | 4,840,350             | 4,444,783           | 4,202,231         | 5,170,192         | 7,172,715         | 7,535,413           | 3,837,102             |
| Licenses and permits                                       | 381,803               | 275,943              | 445,992                | 434,563               | 543,874             | 600,710           | 605,419           | 769,915           | 642,712             | 920,358               |
| Charges for services                                       | 3,336,605             | 3,502,696            | 3,726,534              | 3,806,760             | 3,931,021           | 4,076,208         | 4,302,784         | 4,410,489         | 4,334,873           | 4,808,904             |
| Fines and forfeitures                                      | 234,382               | 270,342              | 287,786                | 396,329               | 423,947             | 476,236           | 318,307           | 257,379           | 244,388             | 188,606               |
| Investment earnings  | 951,702               | 213,395              | 216,055                | 259,044               | 128,959             | 25,453            | 222,370           | 194,144           | 198,604             | 133,946               |
| Miscellaneous  | 1,263,811             | 813,423              | 922,266                | 1,182,555             | 2,389,540           | 1,410,025         | 1,310,357         | 2,861,885         | 1,353,983           | 1,988,147             |
| <b>Total revenues</b>                                      | <b>38,649,100</b>     | <b>34,734,281</b>    | <b>37,618,067</b>      | <b>37,258,076</b>     | <b>39,842,529</b>   | <b>40,245,550</b> | <b>42,940,591</b> | <b>49,367,071</b> | <b>48,943,488</b>   | <b>47,853,293</b>     |
| <b>Expenditures</b>  |                       |                      |                        |                       |                     |                   |                   |                   |                     |                       |
| General government   | 5,225,477             | 5,180,073            | 5,162,501              | 4,870,766             | 5,232,468           | 5,757,125         | 6,982,575         | 7,307,093         | 7,814,532           | 8,217,052             |
| Public safety  | 9,411,280             | 9,693,064            | 10,190,490             | 10,021,389            | 10,317,489          | 10,380,683        | 11,248,010        | 11,397,958        | 12,076,794          | 12,335,341            |
| Public works   | 3,480,935             | 3,314,530            | 3,141,127              | 3,681,650             | 4,050,886           | 5,499,208         | 6,819,504         | 11,675,027        | 8,657,493           | 4,748,322             |
| Parks and recreation                                       | 5,187,155             | 5,197,103            | 4,580,856              | 6,108,752             | 7,583,300           | 7,718,598         | 7,358,718         | 7,103,637         | 7,886,241           | 8,616,568             |
| Library  | 1,615,811             | 1,770,707            | 1,737,454              | 1,778,631             | 1,840,717           | 1,901,877         | 2,030,290         | 2,019,770         | 2,123,310           | 2,198,153             |
| Community Services   | 1,407,035             | 1,482,162            | 1,617,783              | 920,199               | 1,402,040           | 876,147           | 1,621,398         | 1,177,037         | 1,432,160           | 1,323,105             |
| Economic development                                       | 775,406               | 673,492              | 654,121                | 602,258               | 597,252             | 633,280           | 777,227           | 758,775           | 806,000             | 706,821               |
| Non-departmental   | 2,453,426             | 1,756,682            | 1,346,979              | 1,774,349             | 1,657,336           | 1,531,075         | 1,598,260         | 1,612,742         | 1,586,592           | 1,563,947             |
| Capital outlay   | 13,317,472            | 9,670,083            | 18,858,678             | 8,073,095             | 1,896,176           | 1,710,127         | 3,004,317         | 1,967,238         | 3,088,627           | 5,948,601             |
| Debt service   |                       |                      |                        |                       |                     |                   |                   |                   |                     |                       |
| Principal  | 10,390,000            | 1,893,045            | 2,165,000              | 2,240,000             | 2,315,000           | 2,400,000         | 2,475,000         | 2,675,000         | 1,915,000           | 2,965,000             |
| Interest   | 1,598,507             | 1,386,975            | 1,591,687              | 1,511,385             | 1,438,474           | 1,360,774         | 1,282,979         | 1,281,357         | 1,057,091           | 868,500               |
| <b>Total expenditures</b>                                  | <b>54,862,504</b>     | <b>42,017,916</b>    | <b>51,046,676</b>      | <b>41,582,474</b>     | <b>38,331,138</b>   | <b>39,768,894</b> | <b>45,198,278</b> | <b>48,975,634</b> | <b>48,443,840</b>   | <b>49,491,410</b>     |
| Excess of revenues<br>over (under) expenditures            | (16,213,404)          | (7,283,635)          | (13,428,609)           | (4,324,398)           | 1,511,391           | 476,656           | (2,257,687)       | 391,437           | 499,648             | (1,638,117)           |
| <b>Other financing sources (uses)</b>                      |                       |                      |                        |                       |                     |                   |                   |                   |                     |                       |
| Issuance of debt   | 9,705,315             | 17,585,000           | -                      | -                     | -                   | -                 | 2,700,000         | -                 | 9,580,000           | 10,310,000            |
| Payments to escrow agent                                   | -                     | -                    | -                      | -                     | -                   | -                 | -                 | -                 | (10,409,413)        | (10,258,338)          |
| Premium on issuance of debt                                | -                     | 325,061              | -                      | -                     | -                   | -                 | -                 | -                 | -                   | -                     |
| Transfers in   | 17,113,212            | 7,210,648            | 6,299,052              | 9,115,584             | 7,224,179           | 9,582,188         | 12,085,037        | 12,481,114        | 9,314,997           | 13,499,941            |
| Transfers out  | (17,323,212)          | (7,345,648)          | (6,379,052)            | (9,230,580)           | (7,266,176)         | (9,697,183)       | (12,220,037)      | (12,616,114)      | (9,564,997)         | (13,749,941)          |
| Sale of capital assets                                     | 3,600                 | 7,728                | 3,972                  | 4,477                 | 464,641             | 21,370            | 68,394            | 11,619            | 2,395               | 21,718                |
| <b>Total other financing sources (uses)</b>                | <b>9,498,915</b>      | <b>17,782,789</b>    | <b>(76,028)</b>        | <b>(110,519)</b>      | <b>422,644</b>      | <b>(93,625)</b>   | <b>2,633,394</b>  | <b>(123,381)</b>  | <b>(1,077,018)</b>  | <b>(176,620)</b>      |
| <b>Net change in fund balances</b>                         | <b>\$ (6,714,489)</b> | <b>\$ 10,499,154</b> | <b>\$ (13,504,637)</b> | <b>\$ (4,434,917)</b> | <b>\$ 1,934,035</b> | <b>\$ 383,031</b> | <b>\$ 375,707</b> | <b>\$ 268,056</b> | <b>\$ (577,370)</b> | <b>\$ (1,814,737)</b> |
| Debt service as a percentage of noncapital<br>expenditures | 28.9%                 | 8.5%                 | 13.3%                  | 13.8%                 | 11.7%               | 9.8%              | 6.9%              | 5.7%              | 7.7%                | 9.6%                  |

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

| <u>Fiscal Year</u> | <u>Property &amp; SOT</u> | <u>City Sales Tax</u> | <u>City Use Tax</u> | <u>County Sales Tax</u> | <u>Franchise &amp; Business</u> | <u>Lodgers Tax</u> | <u>Other Taxes</u> | <u>Total</u> |
|--------------------|---------------------------|-----------------------|---------------------|-------------------------|---------------------------------|--------------------|--------------------|--------------|
| 2008               | 1,324,508                 | 18,897,346            | 1,099,793           | 3,297,776               | 1,227,909                       | 799,268            | 957,030            | 27,603,630   |
| 2009               | 1,360,859                 | 17,620,117            | 700,534             | 2,965,314               | 1,249,447                       | 720,337            | 1,042,744          | 25,659,352   |
| 2010               | 1,395,048                 | 17,529,103            | 805,250             | 2,867,532               | 1,272,321                       | 705,240            | 1,564,004          | 26,138,498   |
| 2011               | 1,421,387                 | 18,162,241            | 834,967             | 2,985,380               | 1,279,085                       | 722,042            | 932,613            | 26,337,715   |
| 2012               | 1,280,845                 | 19,165,358            | 1,502,532           | 3,140,649               | 836,068                         | 764,257            | 1,206,946          | 27,896,655   |
| 2013               | 1,300,863                 | 20,314,633            | 1,378,454           | 3,390,224               | 1,193,499                       | 820,832            | 1,056,182          | 29,454,687   |
| 2014               | 1,264,134                 | 21,364,739            | 1,196,928           | 3,570,505               | 1,362,019                       | 918,679            | 1,301,217          | 30,978,221   |
| 2015               | 1,285,137                 | 22,528,320            | 1,449,705           | 3,814,184               | 1,571,120                       | 974,572            | 2,044,994          | 33,668,032   |
| 2016               | 1,382,357                 | 23,152,987            | 1,307,583           | 3,854,966               | 1,688,010                       | 1,062,509          | 2,074,366          | 34,522,778   |
| 2017               | 1,424,827                 | 23,719,956            | 1,791,040           | 4,077,966               | 1,722,803                       | 1,067,684          | 2,152,798          | 35,957,074   |

Effective June 1, 1999, the City increased the city sales and use tax percentage from 2.0% to 2.5%.  
Effective July 1, 2005, the City increased the city sales and use tax percentage from 2.5% to 3.0%.

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

| <b>Fiscal<br/>Year</b> | <b>General City<br/>Sales and Use<br/>Tax</b> | <b>Recreation<br/>Complex/Trails<br/>Sales and Use Tax</b> | <b>Open Space,</b>                                |   | <b>Total<br/>Revenue</b> | <b>Total<br/>Direct Tax<br/>Rate</b> |
|------------------------|---|--|---|---|--------------------------|--------------------------------------|
|                        |   |  | <b>Parks and Trails<br/>Sales and<br/>Use Tax</b> | <b>Capital<br/>Improvements<br/>Sales and Use Tax</b> |                          |                                      |
| 2008                   | 13,329,832                                    | 3,334,653  | 1,666,327   | 1,666,327   | 19,997,139               | 3.0%                                 |
| 2009                   | 12,213,337                                    | 3,054,574  | 1,526,370   | 1,526,370   | 18,320,651               | 3.0%                                 |
| 2010                   | 11,686,383                                    | 2,922,236  | 1,460,242   | 1,460,242   | 17,529,103               | 3.0%                                 |
| 2011                   | 12,108,845                                    | 3,027,606  | 1,512,895   | 1,512,895   | 18,162,241               | 3.0%                                 |
| 2012                   | 13,779,428                                    | 3,445,264  | 1,721,599   | 1,721,599   | 20,667,890               | 3.0%                                 |
| 2013                   | 14,462,913                                    | 3,616,172  | 1,807,001   | 1,807,001   | 21,693,087               | 3.0%                                 |
| 2014                   | 15,041,756                                    | 3,761,086  | 1,879,414   | 1,879,414   | 22,561,670               | 3.0%                                 |
| 2015                   | 15,986,262                                    | 3,997,080  | 1,997,341   | 1,997,341   | 23,978,024               | 3.0%                                 |
| 2016                   | 16,308,028                                    | 4,077,494  | 2,037,524   | 2,037,524   | 24,460,570               | 3.0%                                 |
| 2017                   | 16,775,259                                    | 4,194,347  | 2,095,914   | 2,095,914   | 25,161,434               | 3.0%                                 |

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

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

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| <u>Fiscal Year</u> | <u>City Direct Rate</u> | <u>La Plata County</u> | <u>State of Colorado</u> |
|--------------------|-------------------------|------------------------|--------------------------|
| 2008               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2009               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2010               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2011               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2012               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2013               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2014               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2015               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2016               | 3.0%                    | 2.0%                   | 2.9%                     |
| 2017               | 3.0%                    | 2.0%                   | 2.9%                     |

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

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

| <u>Classification of Individual Business</u>                   | <u>2017</u><br><u>Sales Tax</u><br><u>Remitted</u> | <u>Percentage of</u><br><u>Total Tax</u><br><u>Remitted</u> | <u>2008</u><br><u>Sales Tax</u><br><u>Remitted</u> | <u>Percentage of</u><br><u>Total Tax</u><br><u>Remitted</u> |
|--|--|---|--|---|
| Retail-General Merchandise                                     | \$ 2,751,411                                       | 10.9%   | \$ 2,620,230                                       | 13.9%   |
| Retail-Food Store  | 1,215,077  | 4.8%  | 848,659  | 4.5%  |
| Retail-Building Supplies                                       | 971,856  | 3.9%  | 840,057  | 4.4%  |
| Retail-Food Store  | 923,764  | 3.7%  | 706,167  | 3.7%  |
| Utility Services   | 544,626  | 2.2%  | 461,271  | 2.4%  |
| Retail-Food Store  | 444,760  | 1.8%  | 488,996  | 2.6%  |
| Lodging and Restaurant   | 426,602  | 1.7%  | 356,395  | 1.9%  |
| Retail-Food Store  | 409,595  | 1.6%  | 228,177  | 1.2%  |
| Retail- Automotive   | 328,090  | 1.3%  | -  | 0.0%  |
| Lodging and Restaurant   | 291,268  | 1.2%  | 255,874  | 1.4%  |
| Retail-General Merchandise                                     |  |   | 256,973  | 1.4%  |
| <br>Total City Sales Tax Collected by 10<br>Largest Businesses | <br><u>\$ 8,307,049</u>                            | <br><u>33.0%</u>  | <br><u>\$ 7,062,799</u>                            | <br><u>37.4%</u>  |
| <br>Total City Sales Tax Collected by All<br>Businesses        | <br><u>\$ 25,161,434</u>                           | <br><u>100%</u>   | <br><u>\$ 18,897,346</u>                           | <br><u>100%</u>   |

Source: City of Durango Finance Department

Notes: Figures are based on cash basis remittances

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

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

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

| <b>Fiscal Year</b> | <b>Governmental Activities</b>         |                                      |                                 | <b>Business-type Activities</b>     |                       |   | <b>Total Primary Government</b> | <b>Percentage of Actual Taxable Value of Property (2)</b> | <b>Per Capita (1)</b> |
|--------------------|--|--------------------------------------|---------------------------------|-------------------------------------|-----------------------|---|---------------------------------|---|-----------------------|
|                    | <b>Sales and Use Tax Revenue Bonds</b> | <b>Certificates of Participation</b> | <b>General Obligation Bonds</b> | <b>Water &amp; Sewer Fund Loans</b> | <b>Capital Leases</b> |   |                                 |   |                       |
| 2008               | 24,863,045                             | -                                    | -                               | -                                   | -                     | - | 24,863,045                      | 0.77%   | 1,499                 |
| 2009               | 40,555,000                             | -                                    | -                               | -                                   | -                     | - | 40,555,000                      | 1.18%   | 2,445                 |
| 2010               | 38,390,000                             | -                                    | -                               | -                                   | -                     | - | 38,390,000                      | 1.11%   | 2,273                 |
| 2011               | 36,150,000                             | -                                    | -                               | -                                   | -                     | - | 36,150,000                      | 1.20%   | 2,139                 |
| 2012               | 33,835,000                             | -                                    | -                               | -                                   | -                     | - | 33,835,000                      | 1.12%   | 1,986                 |
| 2013               | 31,435,000                             | -                                    | -                               | 3,978,753                           | -                     | - | 35,413,753                      | 1.21%   | 2,051                 |
| 2014               | 28,960,000                             | 2,700,000                            | -                               | 3,809,251                           | -                     | - | 35,469,251                      | 1.19%   | 2,005                 |
| 2015               | 26,385,000                             | 2,600,000                            | -                               | 3,636,428                           | -                     | - | 32,621,428                      | 0.98%   | 1,829                 |
| 2016               | 24,181,490                             | 2,500,000                            | -                               | 65,660,219                          | -                     | - | 92,341,709                      | 2.45%   | 5,101                 |
| 2017               | 21,745,726                             | 2,400,000                            | -                               | 63,137,297                          | -                     | - | 87,283,023                      | 2.32%   | 4,717                 |

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

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

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

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

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

| <b>Fiscal<br/>Year</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Less: Amounts<br/>Available in Debt<br/>Service Fund</b> | <b>Total</b> | <b>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value of<br/>Property</b> | <b>Per<br/>Capita</b> |
|------------------------|---|---|--------------|---|-----------------------|
| 2008                   | -                                       | -   | -            | -   | -                     |
| 2009                   | -                                       | -   | -            | -   | -                     |
| 2010                   | -                                       | -   | -            | -   | -                     |
| 2011                   | -                                       | -   | -            | -   | -                     |
| 2012                   | -                                       | -   | -            | -   | -                     |
| 2013                   | -                                       | -   | -            | -   | -                     |
| 2014                   | -                                       | -   | -            | -   | -                     |
| 2015                   | -                                       | -   | -            | -   | -                     |
| 2016                   | -                                       | -   | -            | -   | -                     |
| 2017                   | -                                       | -   | -            | -   | -                     |

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

**City of Durango, Colorado**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2017**

| <b>Governmental Unit</b>                 | <b>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable (1)</b> | <b>Estimated<br/>Share of<br/>Overlapping<br/>Debt</b> |
|--|-----------------------------|--|--|
| <b>Debt repaid with property taxes</b>   |                             |  |  |
| School District 9-R                      | \$ 35,005,000               | 41.6%  | \$ 14,548,423  |
| <b>Other debt</b>                        |                             |  |  |
| La Plata County General Obligation Debt  | 242,353                     | 33.3%  | <u>80,639</u>  |
| Subtotal, overlapping debt               |                             |  | 14,629,062   |
| <b>City direct debt</b>                  |                             |  | <u>24,145,726</u>                                      |
| <b>Total direct and overlapping debt</b> |                             |  | <u><u>\$ 38,774,788</u></u>                            |

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

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

The estimated percentage applicable for debt repaid with property taxes is calculated using the property value of the overlapping area and the overlapping government.

The estimated percentage applicable for other debt is calculated using the estimated population totals for the

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

|   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>    |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Debt limit  | \$ 51,018,093 | \$ 53,739,070 | \$ 53,636,886 | \$ 48,826,993 | \$ 48,646,335 | \$ 47,020,225 | \$ 48,078,341 | \$ 51,642,484 | \$ 52,671,610 | \$ 549,416,240 |
| Total net debt applicable to limit                  | -             | -             | -             | -             | -             | -             | -             | -             | -             | -              |
| Legal debt margin                                   | \$ 51,018,093 | \$ 53,739,070 | \$ 53,636,886 | \$ 48,826,993 | \$ 48,646,335 | \$ 47,020,225 | \$ 48,078,341 | \$ 51,642,484 | \$ 52,671,610 | \$ 549,416,240 |
| Legal debt margin as a percentage of the debt limit | 100%          | 100%          | 100%          | 100%          | 100%          | 100%          | 100%          | 100%          | 100%          | 100%           |

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

|  |                       |
|--|-----------------------|
| Assessed Value                         |                       |
| Debt limit (10% of assessed valuation) | 549,416,240           |
| Debt applicable to limit:              | -                     |
| General obligation bonds               | -                     |
| Less: Amount set aside for repayment   | -                     |
| Total net debt applicable to limit     | -                     |
| Legal debt margin                      | <u>\$ 549,416,240</u> |

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

| <b><u>Fiscal Year</u></b> | <b><u>Pledged Sales Tax</u></b> | <b><u>Pledged Use Tax</u></b> | <b><u>Revenue Available for Debt Service</u></b> | <b><u>Debt Service</u></b> |                        |                     | <b><u>Coverage</u></b> |
|---------------------------|---------------------------------|-------------------------------|--|----------------------------|------------------------|---------------------|------------------------|
|                           |                                 |                               |  | <b><u>Principal</u></b>    | <b><u>Interest</u></b> | <b><u>Total</u></b> |                        |
| 2008                      | 3,151,317                       | 183,336                       | 3,334,653  | 9,765,000                  | 961,388                | 10,726,388          | 0.31                   |
| 2009                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2010                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2011                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2012                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2013                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2014                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2015                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2016                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |
| 2017                      | -                               | -                             | -  | -                          | -                      | -                   | 0.00                   |

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

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

| <u>Fiscal Year</u> | <u>Pledged Sales Tax</u> | <u>Pledged Use Tax</u> | <u>Revenue Available for Debt Service</u> | <u>Debt Service</u> |                 |              | <u>Coverage</u> |
|--------------------|--------------------------|------------------------|---|---------------------|-----------------|--------------|-----------------|
|                    |                          |                        |   | <u>Principal</u>    | <u>Interest</u> | <u>Total</u> |                 |
| 2008               | 1,574,714                | 91,613                 | 1,666,327                                 | 625,000             | 637,119         | 1,262,119    | 1.32            |
| 2009               | 1,468,016                | 58,354                 | 1,526,370                                 | 645,000             | 612,119         | 1,257,119    | 1.21            |
| 2010               | 1,460,242                | 67,077                 | 1,527,319                                 | 670,000             | 586,319         | 1,256,319    | 1.22            |
| 2011               | 1,512,895                | 69,553                 | 1,582,448                                 | 695,000             | 559,519         | 1,254,519    | 1.26            |
| 2012               | 1,596,438                | 125,161                | 1,721,599                                 | 725,000             | 531,719         | 1,256,719    | 1.37            |
| 2013               | 1,692,176                | 114,825                | 1,807,001                                 | 750,000             | 502,719         | 1,252,719    | 1.44            |
| 2014               | 1,779,655                | 99,759                 | 1,879,414                                 | 780,000             | 472,719         | 1,252,719    | 1.50            |
| 2015               | 1,876,581                | 120,760                | 1,997,341                                 | 815,000             | 441,519         | 1,526,519    | 1.31            |
| 2016               | -                        | -                      | -   | -                   | -               | -            | -               |
| 2017               | -                        | -                      | -   | -                   | -               | -            | -               |

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

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

| <b><u>Fiscal Year</u></b> | <b><u>Pledged Sales Tax</u></b> | <b><u>Pledged Use Tax</u></b> | <b><u>Revenue Available for Debt Service</u></b> | <b><u>Debt Service</u></b> |                        |                     | <b><u>Coverage</u></b> |
|---------------------------|---------------------------------|-------------------------------|--|----------------------------|------------------------|---------------------|------------------------|
|                           |                                 |                               |  | <b><u>Principal</u></b>    | <b><u>Interest</u></b> | <b><u>Total</u></b> |                        |
| 2008                      | 12,596,601                      | 733,231                       | 13,329,832                                       | -                          | -                      | -                   | -                      |
| 2009                      | 11,746,290                      | 467,047                       | 12,213,337                                       | 833,045                    | 327,279                | 1,160,324           | -                      |
| 2010                      | 11,686,383                      | 536,861                       | 12,223,244                                       | 840,000                    | 326,283                | 1,166,283           | 10.48                  |
| 2011                      | 12,108,845                      | 556,672                       | 12,665,517                                       | 865,000                    | 298,983                | 1,163,983           | 10.88                  |
| 2012                      | 12,777,690                      | 1,001,738                     | 13,779,428                                       | 895,000                    | 270,870                | 1,165,870           | 11.82                  |
| 2013                      | 13,543,897                      | 919,016                       | 14,462,913                                       | 935,000                    | 239,545                | 1,174,545           | 12.31                  |
| 2014                      | 14,243,981                      | 797,772                       | 15,041,753                                       | 965,000                    | 209,625                | 1,174,625           | 12.81                  |
| 2015                      | 15,019,744                      | 966,518                       | 15,986,262                                       | 1,005,000                  | 173,438                | 1,178,438           | 13.57                  |
| 2016                      | 15,436,263                      | 871,765                       | 16,308,028                                       | 1,040,000                  | 133,238                | 1,173,238           | 13.90                  |
| 2017                      | 15,581,172                      | 1,194,087                     | 16,775,259                                       | 1,085,000                  | 91,638                 | 1,176,638           | 14.26                  |

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

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

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| <b>Fiscal<br/>Year</b> | <b>Pledged<br/>Sales Tax</b> | <b>Pledged<br/>Use Tax</b> | <b>Revenue<br/>Available for<br/>Debt Service</b> | <b>Debt Service</b> |                 |              | <b>Coverage</b> |
|------------------------|------------------------------|----------------------------|---|---------------------|-----------------|--------------|-----------------|
|                        |                              |                            |   | <b>Principal</b>    | <b>Interest</b> | <b>Total</b> |                 |
| 2008                   | -                            | -                          | -   | -                   | -               | -            | -               |
| 2009                   | 11,746,290                   | 467,047                    | 12,213,337  | 415,000             | 447,577         | 862,577      | 14.16           |
| 2010                   | 11,686,383                   | 536,861                    | 12,223,244  | 655,000             | 679,085         | 1,334,085    | 9.16            |
| 2011                   | 12,108,845                   | 556,672                    | 12,665,517  | 680,000             | 652,885         | 1,332,885    | 9.50            |
| 2012                   | 12,777,690                   | 1,001,738                  | 13,779,428  | 695,000             | 635,885         | 1,330,885    | 10.35           |
| 2013                   | 13,543,897                   | 919,016                    | 14,462,913  | 715,000             | 618,510         | 1,333,510    | 10.85           |
| 2014                   | 14,243,981                   | 797,772                    | 15,041,753  | 730,000             | 600,635         | 1,330,635    | 11.30           |
| 2015                   | 15,019,744                   | 966,518                    | 15,986,262  | 755,000             | 578,735         | 1,333,735    | 11.99           |
| 2016                   | 15,436,263                   | 871,765                    | 16,308,028  | 775,000             | 554,198         | 1,329,198    | 12.27           |
| 2017                   | 15,581,172                   | 1,194,087                  | 16,775,259  | 800,000             | 529,010         | 1,329,010    | 12.62           |

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

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

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| <b><u>Fiscal Year</u></b> | <b><u>Pledged Sales Tax</u></b> | <b><u>Pledged Use Tax</u></b> | <b><u>Revenue Available for Debt Service</u></b> | <b><u>Debt Service</u></b> |                        |                     | <b><u>Coverage</u></b> |
|---------------------------|---------------------------------|-------------------------------|--|----------------------------|------------------------|---------------------|------------------------|
|                           |                                 |                               |  | <b><u>Principal</u></b>    | <b><u>Interest</u></b> | <b><u>Total</u></b> |                        |
| 2008                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2009                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2010                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2011                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2012                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2013                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2014                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2015                      | -                               | -                             | -  | -                          | -                      | -                   | -                      |
| 2016                      | 1,928,602                       | 108,922                       | 2,037,524  | -                          | -                      | -                   | 0.00                   |
| 2017                      | 1,946,721                       | 149,493                       | 2,096,214  | 980,000                    | 195,432                | 1,175,432           | 1.78                   |

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

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

| <b><u>Fiscal Year</u></b> | <b><u>City<br/>Population (1)</u></b> | <b><u>County<br/>Population (1)</u></b> | <b><u>Personal<br/>Income (2)</u></b> | <b><u>Per capita<br/>Personal<br/>Income (2)</u></b> | <b><u>Unemployment<br/>Rate (3)</u></b> |
|---------------------------|---------------------------------------|---|---------------------------------------|--|---|
| 2008                      | 16,586                                | 50,241                                  | 2,107,711,000                         | 41,627   | 3.6%                                    |
| 2009                      | 16,586                                | 51,291                                  | 2,046,678,000                         | 39,769   | 5.7%                                    |
| 2010                      | 16,887                                | 51,334                                  | 2,073,769,260                         | 42,364   | 6.9%                                    |
| 2011                      | 16,903                                | 51,431                                  | 2,149,060,330                         | 43,453   | 5.5%                                    |
| 2012                      | 17,033                                | 51,944                                  | 2,207,784,320                         | 45,476   | 6.0%                                    |
| 2013                      | 17,269                                | 52,506                                  | 2,484,802,000                         | 46,633   | 5.5%                                    |
| 2014                      | 17,689                                | 53,446                                  | 2,579,790,000                         | 47,784   | 5.1%                                    |
| 2015                      | 17,834                                | 53,989                                  | 2,815,067,000                         | 51,475   | 3.0%                                    |
| 2016                      | 18,101                                | 54,688                                  | 2,843,289,000                         | 51,117   | 2.9%                                    |
| 2017                      | 18,503                                | 55,623                                  | N/A                                   | N/A  | 3.1%                                    |

Sources:

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

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

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

| <u>Employer</u>                         | <u>2017*</u>         |   | <u>2008</u>          |  |
|---|----------------------|---|----------------------|--|
|   | <u>Employees</u>     | <u>Percentage of Total County Employment*</u> | <u>Employees</u>     | <u>Percentage of Total County Employment</u> |
| Durango Mountain Resort/Purgatory       | 1,000                | 3.3%  | 303                  | 0.9%   |
| Mercy Medical Center                    | 860                  | 2.9%  | 750                  | 2.1%   |
| Durango School District 9R              | 853                  | 2.8%  | 823                  | 2.3%   |
| Southern Ute Tribe                      | 795                  | 2.6%  | 805                  | 2.3%   |
| Crossfire                               | 705                  | 2.3%  | -                    | 0.0%   |
| Fort Lewis College                      | 660                  | 2.2%  | 655                  | 1.9%   |
| City of Durango                         | 546                  | 1.8%  | 487                  | 1.4%   |
| La Plata County                         | 434                  | 1.4%  | 400                  | 1.1%   |
| Southern Ute Lodge & Casino             | 425                  | 1.4%  | 307                  | 0.9%   |
| Vantiv                                  | 365                  | 1.2%  | -                    | 0.0%   |
| Wal-Mart                                | 330                  | 1.1%  | 393                  | 1.1%   |
| Flint Energy Services                   | -                    | 0.0%  | 214                  | 0.6%   |
| <b>Total</b>                            | <u><b>5,113</b></u>  | <u><b>17.0%</b></u>                           | <u><b>5,137</b></u>  | <u><b>14.5%</b></u>                          |
| <br>                                    |                      |   |                      |  |
| <b>Total La Plata County Employment</b> | <u><b>30,030</b></u> | <u><b>100%</b></u>                            | <u><b>35,325</b></u> | <u><b>100%</b></u>                           |

Source: Region 9 Economic Development District of SW Colorado

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

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

The most recent data available is provided in the schedule.

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

| <b>Fiscal Year</b> | <b>Property Value (1)</b> |                    |               | <b>Commercial Construction (2)</b> |              | <b>New Residential &amp; Other Construction (2)</b> |              |
|--------------------|---------------------------|--------------------|---------------|------------------------------------|--------------|---|--------------|
|                    | <b>Commercial</b>         | <b>Residential</b> | <b>Total</b>  | <b>Number of Permits</b>           | <b>Value</b> | <b>Number of Permits(Units)</b>                     | <b>Value</b> |
| 2008               | 1,147,535,650             | 2,066,213,190      | 3,213,748,840 | 5                                  | 5,601,110    | 23 (86)   | 12,534,971   |
| 2009               | 1,246,459,259             | 2,201,193,467      | 3,447,652,726 | 0                                  | -            | 21 (30)   | 15,589,725   |
| 2010               | 1,246,459,259             | 2,201,193,467      | 3,447,652,726 | 3                                  | 1,067,588    | 25 (54)   | 15,589,170   |
| 2011               | 944,478,790               | 2,071,047,330      | 3,015,526,120 | 4                                  | 1,449,910    | 39 (42)   | 7,822,044    |
| 2012               | 944,478,790               | 2,071,047,330      | 3,015,526,120 | 9                                  | 20,666,680   | 391(42)   | 23,353,205   |
| 2013               | 911,382,230               | 2,009,083,420      | 2,920,465,650 | 5                                  | 11,803,699   | 516(100)  | 36,622,639   |
| 2014               | 935,081,880               | 2,047,280,250      | 2,982,362,130 | 4                                  | 4,745,726    | 70(138)   | 20,860,867   |
| 2015               | 957,824,280               | 2,382,562,440      | 3,340,386,720 | 7                                  | 9,909,232    | 495(196)  | 49,571,608   |
| 2016               | 1,039,534,330             | 2,729,145,880      | 3,768,680,210 | 7                                  | 2,164,878    | 434(64)   | 37,586,147   |
| 2017               | NA                        | NA                 | NA            | 12                                 | 27,641,356   | 533(355)  | 56,964,095   |

Sources:

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

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

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

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

|                         | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Function/Program</b> |             |             |             |             |             |             |             |             |             |             |
| General government      | 63.00       | 65.00       | 54.00       | 52.37       | 53.42       | 57.25       | 66.42       | 69.42       | 69.42       | 72.55       |
| Public safety           | 87.00       | 89.00       | 84.00       | 84.00       | 84.00       | 85.00       | 86.00       | 86.00       | 87.00       | 88.00       |
| Public works            | 27.00       | 26.00       | 23.00       | 19.00       | 18.50       | 19.00       | 19.00       | 21.00       | 23.00       | 23.10       |
| Parks and recreation    | 32.00       | 29.00       | 24.00       | 24.00       | 26.00       | 29.00       | 30.00       | 32.00       | 32.00       | 33.00       |
| Library                 | 21.50       | 22.50       | 21.50       | 20.50       | 20.50       | 20.50       | 20.50       | 20.50       | 20.50       | 20.50       |
| Joint venture airport   | 16.00       | 14.00       | 12.00       | 16.00       | 16.00       | 17.00       | 17.00       | 21.00       | 23.00       | 23.00       |
| Water utility           | 16.00       | 16.00       | 16.00       | 16.00       | 15.75       | 17.00       | 21.60       | 20.80       | 21.80       | 21.35       |
| Sewer utility           | 12.00       | 12.00       | 12.00       | 12.00       | 12.75       | 16.00       | 16.40       | 17.40       | 17.80       | 21.35       |
| Parking                 | 5.00        | 5.00        | 6.00        | 6.00        | 6.00        | 6.00        | 0.00        | 0.00        | 0.00        | 0.00        |
| Sustainable Services    | 8.00        | 8.75        | 10.00       | 12.50       | 12.50       | 12.50       | 12.00       | 12.33       | 13.34       | 13.15       |
| Public transit          | 17.00       | 17.00       | 17.00       | 17.33       | 18.33       | 19.33       | 0.00        | 0.00        | 0.00        | 0.00        |
| Transportation Services | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        | 27.33       | 30.00       | 32.00       | 32.25       |
| 194 Total               | 304.50      | 304.25      | 279.50      | 279.70      | 283.75      | 298.58      | 316.25      | 330.45      | 339.86      | 348.25      |

Source: City Budgets.

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

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

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

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

| <b>Function/Program</b>            | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>          |             |             |             |             |             |             |             |             |             |             |
| Building permits issued            | 369         | 365         | 416         | 392         | 400         | 521         | 572         | 502         | 441         | 545         |
| Value of buildings (millions)      | \$ 35.0     | \$ 38.6     | \$ 16.7     | \$ 22.5     | \$ 44.0     | \$ 48.4     | \$ 40.2     | \$ 42.5     | \$ 39.8     | \$ 84.6     |
| Building construction inspections  | 1,215       | 860         | 802         | 781         | 854         | 1,191       | 1,141       | 1,182       | 1,126       | 1,100       |
| Acres annexed                      | 9,702       | 9,934       | 0           | 592,965     | 772.2       | 774.82      | 3655.9      | 3655.9      | 3655.9      | 91.41       |
| Area in square miles               | 9.85        | 9.85        | 9.85        | 10.83       | 11.12       | 13.85       | 19.57       | 19.57       | 19.57       | 13.98       |
| <b>Public Safety</b>               |             |             |             |             |             |             |             |             |             |             |
| Total number of police incidents   | 32,900      | 32,607      | 34,730      | 37,836      | 39,705      | 34,105      | 37,466      | 39,702      | 40,673      | 38,705      |
| Number of 911 calls received       | 16,912      | 16,299      | 16,483      | 16,071      | 18,180      | 17,677      | 18,855      | 19,002      | 20,195      | 19,644      |
| <b>Public Works</b>                |             |             |             |             |             |             |             |             |             |             |
| Street miles swept                 | 12,512      | 8,136       | 8,124       | 10,357      | 11,873      | 10,840      | 10,630      | 11,317      | 12,100      | 13,594      |
| Tons hot mix applied               | 353         | 254         | 355         | 169         | 242         | 302         | 225         | 359         | 339         | 407         |
| Signs replaced/installed           | 1,071       | 956         | 770         | 1,931       | 2,448       | 2,149       | 1,546       | 1,439       | 1,933       | 1,750       |
| Snow hauled (cubic yards)          | 57,660      | 32,580      | 34,760      | 10,490      | 18,975      | 8,998       | 380         | 15,190      | 17,620      | 11,970      |
| <b>Parks and Recreation</b>        |             |             |             |             |             |             |             |             |             |             |
| Recreation Center admissions       | 337,338     | 348,881     | 331,569     | 339,906     | 339,666     | 362,889     | 371,149     | 366,006     | 370,376     | 370,385     |
| Program participants               | 35,833      | 32,368      | 29,765      | 30,820      | 30,987      | 34,541      | 36,712      | 37,445      | 38,373      | 42,795      |
| Park & River permits issued        | 200         | 188         | 185         | 180         | 213         | 221         | 250         | 267         | 303         | 288         |
| <b>Library</b>                     |             |             |             |             |             |             |             |             |             |             |
| Number of volumes/materials        | 94,894      | 101,401     | 103,346     | 111,461     | 118,501     | 106,432     | 107,963     | 120,508     | 116,455     | 118,413     |
| Circulation                        | 260,249     | 366,905     | 385,893     | 424,083     | 445,377     | 449,110     | 440,938     | 440,508     | 386,720     | 370,194     |
| <b>Water utility</b>               |             |             |             |             |             |             |             |             |             |             |
| Gallons of water treated (MG)      | 1,283       | 1,274       | 1,410       | 1,366       | 1,473       | 1,560       | 1,428       | 1,194       | 1,232       | 1,225       |
| Number of water consumers          | 6,171       | 6,281       | 6,213       | 6,252       | 6,510       | 6,467       | 6,554       | 6,485       | 6,410       | 6,432       |
| Water main breaks                  | 31          | 24          | 24          | 18          | 28          | 25          | 27          | 19          | 32          | 24          |
| <b>Sewer utility</b>               |             |             |             |             |             |             |             |             |             |             |
| Gallons of wastewater treated (MG) | 734.675     | 716         | 715         | 710         | 720         | 698         | 667         | 718         | 730         | 717         |
| Average daily use (MG)             | 2.007       | 1.962       | 1.959       | 1.945       | 1.963       | 1.914       | 1.826       | 1.982       | 1.996       | 1.935       |
| <b>Solid waste</b>                 |             |             |             |             |             |             |             |             |             |             |
| Commercial accounts                | 374         | 395         | 453         | 430         | 450         | 486         | 537         | 552         | 571         | 589         |
| Residential                        | 4,339       | 4,375       | 4,442       | 4,422       | 4,469       | 4,542       | 4,548       | 4,574       | 4,746       | 4,991       |
| Cubic yards refuse hauled          | 18,559      | 17,291      | 20,399      | 21,400      | 21,966      | 24,288      | 23,584      | 24,826      | 25,146      | 26,145      |
| <b>Public transit</b>              |             |             |             |             |             |             |             |             |             |             |
| Passengers                         | 365,048     | 436,768     | 490,582     | 583,622     | 629,573     | 613,621     | 583,756     | 472,943     | 470,703     | 478,358     |
| Cost per trip (dollars)            | \$ 3.87     | \$ 3.93     | \$ 6.38     | \$ 3.68     | \$ 3.59     | \$ 3.29     | \$ 2.59     | \$ 4.64     | \$ 4.95     | \$ 4.47     |

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

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

| <b>Function/Program</b>     | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Public Safety</b>        |             |             |             |             |             |             |             |             |             |             |
| Number of police vehicles   | 29          | 33          | 33          | 34          | 36          | 37          | 37          | 37          | 38          | 39          |
| <b>Public Works</b>         |             |             |             |             |             |             |             |             |             |             |
| Miles of streets            | 73.42       | 74.83       | 74.9        | 74.9        | 74.9        | 74.9        | 74.9        | 74.9        | 77.15       | 77.15       |
| <b>Parks and Recreation</b> |             |             |             |             |             |             |             |             |             |             |
| Parkland-developed acres    | 207.81      | 174.09      | 174.09      | 174.09      | 174.09      | 175.69      | 175.69      | 193.67      | 193.67      | 197.61      |
| Parkland- undeveloped acres | 60.42       | 111.43      | 111.43      | 111.43      | 112.17      | 112.55      | 112.55      | 109.85      | 109.85      | 108.07      |
| Open space -acres           | 935.51      | 1510.61     | 2245.00     | 2639.00     | 2724.00     | 2867.45     | 3001.08     | 3001.63     | 3004.98     | 4994.33     |
| Number of playgrounds       | 18          | 19          | 19          | 19          | 19          | 19          | 19          | 19          | 19          | 22          |
| <b>Library</b>              |             |             |             |             |             |             |             |             |             |             |
| Number of libraries         | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Water utility</b>        |             |             |             |             |             |             |             |             |             |             |
| Miles of water lines        | 130.4       | 134.3       | 134.62      | 134.62      | 134.62      | 135.6       | 136         | 137         | 145.6       | 146.38      |
| <b>Sewer utility</b>        |             |             |             |             |             |             |             |             |             |             |
| Miles of sewer lines        | 95.7        | 96.05       | 96.13       | 96.13       | 96.13       | 100         | 101.5       | 101.5       | 104.7       | 107.05      |
| <b>Parking</b>              |             |             |             |             |             |             |             |             |             |             |
| Number of parking lots      | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| <b>Solid waste</b>          |             |             |             |             |             |             |             |             |             |             |
| Transfer station            | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Recycling center            | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Public transit</b>       |             |             |             |             |             |             |             |             |             |             |
| Number of buses             | 14          | 15          | 15          | 16          | 13          | 16          | 16          | 16          | 16          | 16          |



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Durango's basic financial statements, and have issued our report thereon dated June 6, 2018.

**Internal Control Over Financial Reporting**

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

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

Honorable Mayor and Member of the City Council  
City of Durango

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as item 2017-001.

### **Compliance and Other Matters**

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

### **City of Durango's Response to Findings**

The City of Durango's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Durango's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
June 6, 2018



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Durango's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Durango's major federal programs for the year ended December 31, 2017. The City of Durango's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

Honorable Mayor and  
Members of the City Council  
Durango, Colorado

***Opinion on Each Major Federal Program***

In our opinion, the City of Durango complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

**Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
June 6, 2018

**City of Durango, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2017**

| <b>Federal Grantor/Pass-Through<br/>Grantor/Program or Cluster Title</b>              | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Entity Identifying<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|
| <b>U.S. Department of Transportation:</b>   |                                    |   |                                 |
| Airport Improvement Program   | 20.106                             | AIP 44  | 42,011                          |
| Airport Improvement Program   | 20.106                             | AIP 45  | 1,691                           |
| Airport Improvement Program   | 20.106                             | AIP 46  | 89,570                          |
| Airport Improvement Program   | 20.106                             | AIP 47  | 5,272                           |
| Airport Improvement Program   | 20.106                             | AIP 48  | 146,602                         |
| Total Airport Improvement Program   |                                    |   | 285,146                         |
| <b>Pass-Through Program From:</b>   |                                    |   |                                 |
| Colorado Department of Transportation   |                                    |   |                                 |
| FTA Public Transportation Grant   | 20.509                             | 5311  | 913,800                         |
| FTA Public Transportation Grant   | 20.513                             | 5310  | 66,900                          |
| FTA Planning Grant  | 20.520                             | 5320  | 212,445                         |
| FHWA Safe Routes to School  | 20.205                             | 21483   | 4,000                           |
| Total Colorado Department of Transportation Program                                   |                                    |   | 1,197,145                       |
| <b>Other Financial Assistance:</b>  |                                    |   |                                 |
| Passenger Facility Charges  | 20.xxx                             |   | -                               |
| Total U.S. Department of Transportation   |                                    |   | 1,482,291                       |
| <b>U.S. Department of Homeland Security:</b>  |                                    |   |                                 |
| <b>Pass Through Program from:</b>   |                                    |   |                                 |
| Colorado Department of Homeland Security and Emergency Management                     |                                    |   |                                 |
| Office of Emergency Management, Emergency Management Performance Grant                | 97.042                             | 17EM18135   | 30,000                          |
| Total U.S. Department of Homeland Security  |                                    |   | 30,000                          |
| <b>U.S. Department of Housing and Urban Development:</b>                              |                                    |   |                                 |
| <b>Pass Through Program from:</b>   |                                    |   |                                 |
| Colorado Department of Local Affairs  |                                    |   |                                 |
| Community Development Block Grant   | 14.228                             | 16-038  | 301,334                         |
| Total U.S. Department of Housing and Urban Development                                |                                    |   | 301,334                         |
| <b>Environmental Protection Agency</b>  |                                    |   |                                 |
| Superfund State Political Subdivision and Indian Tribe Site Specific Cooperative Agre | 66.802                             | 96836501  | 1,072                           |
| Capital Grants for Clean Water State Revolving Funds                                  | 66.458                             |   | 2,267,478                       |
| Total Environmental Protection Agency   |                                    |   | 2,268,550                       |
| Total Expenditures of Federal Awards  |                                    |   | \$ 4,082,175                    |

Notes to schedule:

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

**CITY OF DURANGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**Section I – Summary of Auditors' Results**

**Financial Statements**

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?            yes     x     no
  - Significant deficiency(ies) identified?            yes     x     none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes     x     no

**Identification of Major Federal Programs**

**CFDA Number(s)**

66.CWSRF

**Name of Federal Program or Cluster**

Clean Water State Revolving Funds Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$     \$750,000    

Auditee qualified as low-risk auditee?

    x     yes            no

**CITY OF DURANGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

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***Section II – Financial Statement Findings***

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**2017 – 001 – Restatement of Beginning Fund Balance and Net Position**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** Interest receivable and intergovernmental receivables were restated for errors relating to previous years.

**Criteria:** Governmental Accounting Standards Board Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2989 FASB and AICPA Pronouncements* states that exchange revenues should be recognized when the transaction occurred. Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial reporting for Nonexchange Transactions* requires that governments incur allowable costs under reimbursement basis grants prior to recognizing a revenue and receivable.

**Context:** The restatement to interest receivable was discovered during audit procedures designed to analytically review receivables. The City's interest income allocation spreadsheet contained an error that included interest income relating to investments that were no longer held by the City. The restatement to intergovernmental receivables related to non-recurring grants where the total estimated amount of the grants were recognized as revenue and receivables rather than recognizing revenues and receivables on a reimbursement basis for incurred allowable costs. This restatement was noted by the City during their internal review processes over balance sheet accounts.

**Effect:** The beginning balances of fund balance and net position were required to be restated.

**Cause:** Interest receivable was overstated due to an error in the City's interest income allocation spreadsheet. Intergovernmental revenue and receivables were recorded for the total estimated project cost to be reimbursed rather than on a reimbursement basis for incurred allowable costs.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the City perform additional review over amounts calculated in external spreadsheets to ensure that the spreadsheets do not contain significant errors. We also recommend that the City provide additional training to accounting staff on revenue and receivable recognition criteria for intergovernmental grants.

**Views of responsible officials and planned corrective actions:** The City agrees with the finding and has restated beginning fund balance and net position as noted above. The City will implement additional review processes and training to ensure that these errors do not occur again.

**Responsible Official:** Julie Brown, Finance Director

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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

**CITY OF DURANGO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2017**

The City of Durango respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2017.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

There were no financial statement findings in the prior year.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

There were no federal award program audit findings in the prior year.



**CITY OF DURANGO  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2017**

The City of Durango respectfully submits the following corrective action plan for the year ended December 31, 2017.

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2017-001      Restatement of Beginning Fund Balance and Net Position**

**Recommendation:** We recommend that the City perform additional review over amounts calculated in external spreadsheets to ensure that the spreadsheets do not contain significant errors. We also recommend that the City provide additional training to accounting staff on revenue and receivable recognition criteria for intergovernmental grants.

**Type of finding:** Material Weakness

**Explanation of disagreement with audit finding:** There is no disagreement with the audit finding.

**Action taken in response to finding:** The City has implemented additional review processes and training to ensure that these errors do not occur again.

**Name(s) of the contact person(s) responsible for corrective action:** Julie Brown, Finance Director

**Planned completion date for corrective action plan:** Immediately