

City of Leadville, Colorado  
Financial Statements  
December 31, 2017



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September 6, 2018

**City of Leadville, Colorado  
Financial Statements  
December 31, 2017**

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**City of Leadville, Colorado  
Financial Statements  
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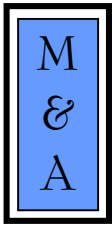
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## INDEPENDENT AUDITOR'S REPORT

### To the Mayor and City Council City of Leadville, Colorado

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the City of Leadville, Colorado (the "City"), as of and for the year ended December 31, 2017, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Leadville, Colorado as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Mayor and City Council**  
**City of Leadville, Colorado**

**Other Matters**

U. S. generally accepted accounting principles require that the Management's Discussion and Analysis in Section B and the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions in Section E, 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 Management's Discussion and Analysis in Section B and the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions in Section E in accordance with U.S. generally accepted auditing standards, 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.

The budgetary comparison schedules in section E are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The *Local Highway Finance Report* listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The *Local Highway Finance Report* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**September 4, 2018**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# City of Leadville, Colorado

## Management's Discussion and Analysis

### December 31, 2017

As management of the City of Leadville, Colorado, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all City assets and liabilities (both short-term and long-term), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The Statement of Activities focuses on long-term economic resources and is reported on a full accrual basis.

The Statement of Activities identifies functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, judicial (court), public works (streets and maintenance), and parks and recreation.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Leadville Urban Renewal Authority (the "LURA"). The LURA is reported as a blended component unit of the City (as a special revenue fund).

The government-wide financial statements can be found on pages C1 and C2 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided on pages C4 and C6 to facilitate this comparison between governmental funds and governmental activities.

## Overview of the Financial Statements (continued)

**Fund Financial Statements (continued):** The City maintains three individual governmental funds, all of which are considered to be major funds. Information is presented separately for each fund in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. Basic governmental fund financial statements can be found on pages C3 and C5 of this report.

The City adopts annual appropriated budgets for all governmental funds. A budgetary comparison schedule has been provided for the General, Conservation Trust, Fire Operations Funds, and the Leadville Urban Renewal Authority, a blended component unit, to demonstrate compliance with State budget statutes. These budgetary comparison schedules are found in section E of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

### Government-wide Financial Analysis:

The following chart shows the City's assets, liabilities, and net position at December 31, 2017 and 2016:

|   | <u>12/31/17</u>     | <u>12/31/16</u>     |
|---|---------------------|---------------------|
| <b>Assets:</b>                              |                     |                     |
| Current and other assets                    | \$ 2,157,970        | \$ 2,366,242        |
| Capital assets, net                         | 2,533,304           | 2,521,122           |
| <b>Total Assets</b>                         | <u>4,691,274</u>    | <u>4,887,364</u>    |
| <b>Deferred Outflows of Resources:</b>      |                     |                     |
| Pension related deferred outflows           | 358,137             | 287,608             |
| <b>Total Deferred Outflows of Resources</b> | <u>358,137</u>      | <u>287,608</u>      |
| <b>Liabilities:</b>                         |                     |                     |
| Other liabilities                           | 310,296             | 294,973             |
| Long-term liabilities                       | 578,721             | 414,170             |
| <b>Total Liabilities</b>                    | <u>889,017</u>      | <u>709,143</u>      |
| <b>Deferred Inflows of Resources:</b>       |                     |                     |
| Pension related deferred inflows            | 30,828              | 6,977               |
| Unavailable revenue                         | 406,837             | 382,813             |
| <b>Total Deferred Inflows of Resources</b>  | <u>437,665</u>      | <u>389,790</u>      |
| <b>Net Position:</b>                        |                     |                     |
| Net investment in capital assets            | 2,142,296           | 2,262,112           |
| Restricted for emergencies                  | 79,000              | 76,000              |
| Unrestricted                                | 1,501,433           | 1,737,927           |
| <b>Total Net Position</b>                   | <u>\$ 3,722,729</u> | <u>\$ 4,076,039</u> |

## Overview of the Financial Statements (continued)

Total assets of the City decreased \$196,090 during the past year. Cash and investments decreased \$211,956 during the past year and corresponds to the change in fund balance. Capital assets increased by \$12,182 during the past year. This net increase in capital assets is comprised of capital additions of \$423,489 less disposals of \$414,320 and depreciation of \$250,229. Capital asset additions during the past year were related primarily to the purchase of equipment and vehicles for the police and fire departments.

Total liabilities of the City increased \$179,874 from the previous year. This increase is related to the net pension liability, the lease purchase of a Mack truck, and the change in accrued compensated absences. In accordance with generally accepted accounting principles, assessed but uncollected property taxes (i.e., taxes that will be collected in the subsequent year) are recorded as a receivable and as deferred inflow of resources on the City's financial statements. The accruals for property taxes are relatively flat year over year given no significant change in the property valuations in a non-valuation period.

Long-term liabilities are comprised of accrued compensated absences, net pension liability for the City's defined benefit plans and capital leases. Accrued compensated absences increased \$20,798 between 2016 and 2017. Another change to liabilities is the net pension liability which increased \$61,934. Additionally, the City entered into a capital lease in 2017 in the amount of \$242,723 for the purchase of a Mack truck.

Approximately 58% of the City's net position reflects its investment in capital assets (i.e. land, infrastructure, buildings, vehicles, and equipment less accumulated depreciation and related debt), representing a 5% decrease from 2016. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position of \$1,580,433, \$79,000 has been restricted for emergencies. The remaining balance of \$1,501,433 may be used to meet the City's ongoing obligations relating to its operations.

Consistent with the prior year, the City is able to report positive balances in all three categories of net position.

## Overview of the Financial Statements (continued)

The following chart summarizes financial information relating to the City's Statement of Activities:

|                                    | <u>2017</u>         | <u>2016</u>         |
|------------------------------------|---------------------|---------------------|
| <b>Revenues:</b>                   |                     |                     |
| Program revenues:                  |                     |                     |
| Charges for services               | \$ 455,152          | \$ 331,731          |
| Operating grants and contributions | 1,097,907           | 1,264,189           |
| Capital grants and contributions   | 92,550              | 634,303             |
| General revenues:                  |                     |                     |
| Property taxes                     | 379,633             | 384,298             |
| Sales taxes                        | 1,340,986           | 1,216,958           |
| Other taxes                        | 215,671             | 199,110             |
| Gain on disposal of capital assets | 31,700              | -                   |
| Interest and other revenue         | 47,047              | 31,556              |
| <b>Total Revenues</b>              | <u>3,660,646</u>    | <u>4,062,145</u>    |
| <b>Expenses:</b>                   |                     |                     |
| General government                 | 762,082             | 577,560             |
| Cultural enhancement               | 92,648              | 42,520              |
| Judicial                           | 22,919              | 20,684              |
| Parks and recreation               | 28,586              | 19,809              |
| Public safety                      | 2,459,486           | 2,133,952           |
| Public works                       | 648,235             | 506,916             |
| <b>Total Expenses</b>              | <u>4,013,956</u>    | <u>3,301,441</u>    |
| <b>Change in Net Position</b>      | (353,310)           | 760,704             |
| <b>Net Position - Beginning</b>    | <u>4,076,039</u>    | <u>3,315,335</u>    |
| <b>Net Position - Ending</b>       | <u>\$ 3,722,729</u> | <u>\$ 4,076,039</u> |

## Overview of the Financial Statements (continued)

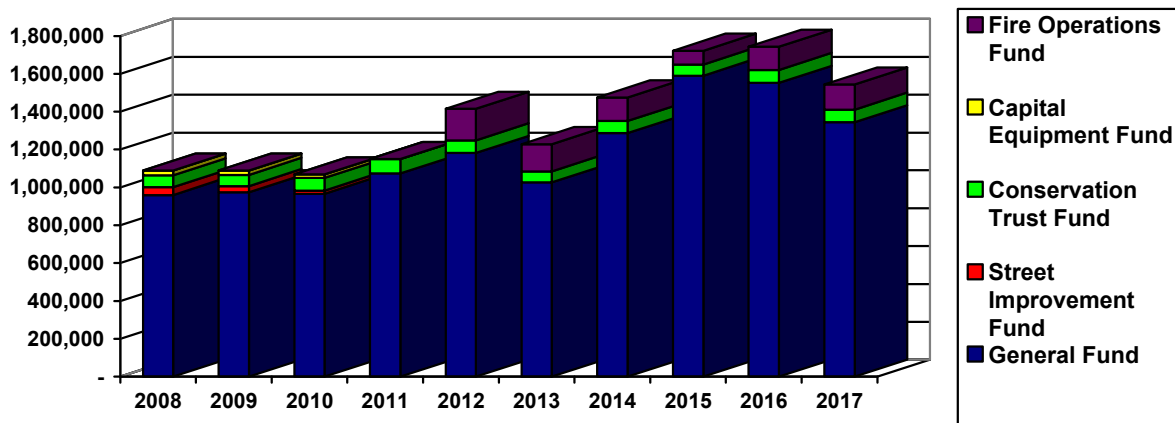
The City's net position decreased \$353,310 during 2017. Key elements of the change in net position are as follows:

- Public safety expenses increased \$325,534 primarily due to increases in wildfire deployment, standby, and grant expenses.
- Capital grants and contributions decreased \$541,753 due to one-time grants received in 2016 for the purchase of Tabor Opera House, and from Lake County for the purchase of a fire apparatus.

## Financial Analysis of the City's Funds

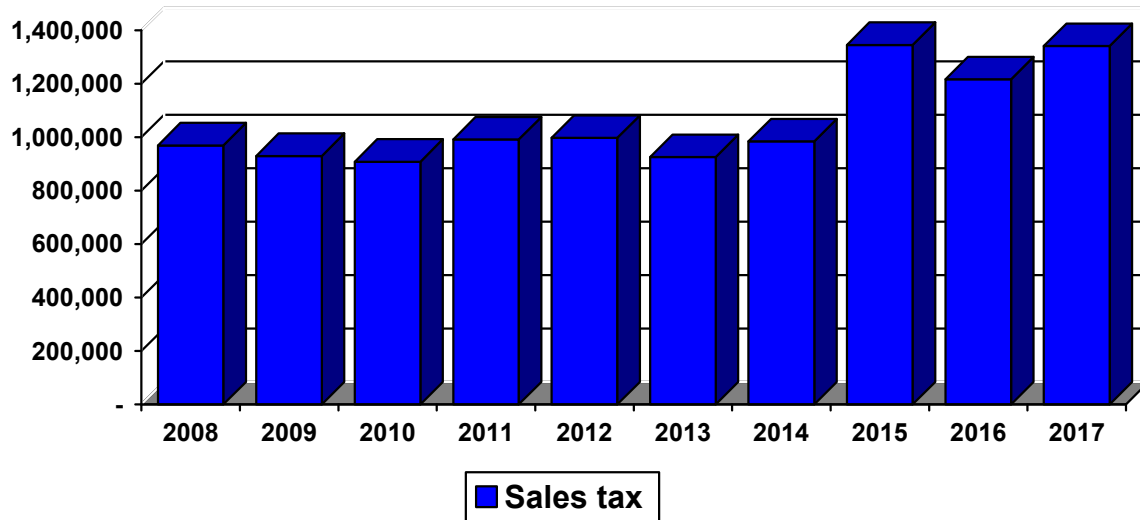
**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,548,047, a decrease of \$194,967 from the prior year ending fund balances. Unassigned balances at December 31, 2017 were equal to 32% of aggregate 2017 expenditures, which represents a 2% decrease from the percentage reported for 2016. Aggregate City fund balances for the past ten years are presented in graph below. Note in 2011 the Capital Equipment and Street Improvement Funds were closed into the General Fund due to reporting requirements.



## Financial Analysis of the City's Funds (continued)

**Sales Tax:** The City's main funding source is sales tax. An increase in sales tax from 2016 of \$124,028 was primarily due to an improved economic year. The following chart indicates changes in the sales taxes.



As mentioned on page B2 of this analysis, the City uses fund accounting to ensure and demonstrate compliance with State budget statutes.

**Budget Variances in the General Fund:** During the year the City amended appropriations for the General Fund. Significant variances between final budget and actual amounts for the General Fund were as follows:

| Account                         | Variance<br>Positive<br>(Negative) | Reason  |
|---------------------------------|------------------------------------|---|
| <b>Revenues:</b>                |                                    |   |
| Sales tax                       | 169,706                            | Tourism activity higher than anticipated.   |
| Intergovernmental grant revenue | 64,533                             | State grants for the purchase of the Tabor Opera House easement and historic preservation grants for a survey plan of Harrison Ave. |
| <b>Expenditures:</b>            |                                    |   |
| Cultural enhancement            | (72,619)                           | Cultural enhancement expenditures from grant revenues received.   |
| Debt Service - Principle        | (46,612)                           | Increased lease payments for capital lease acquisition of Mack truck.   |

## **Capital Assets and Debt Administration**

**Capital Assets:** The City's capital assets decreased by approximately \$12,182 during the past fiscal year. Additional information as well as a detailed classification of the City's capital assets can be found in the Notes to the Financial Statements in section D of this report.

**Long-term Debts:** The City's long-term debt obligations increased \$164,551 from December 31, 2016, excluding the changes in balances due within one year. This change is detailed by an increase of the net pension liability of approximately \$61,900, an increase in accrued compensated absences of approximately \$20,800, with a new capital lease of approximately \$242,700, offset by a reduction for principal payments of approximately \$110,725. Additional information can be found in the Notes to the Financial Statements on section D of this report.

### **Economic Factors and Next Year's Budget:**

The City's General Fund balance at the end of the current fiscal year was \$1,389,206. The City's 2018 General Fund budget anticipates no change in fund balance.

### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Leadville, City Treasurer, 800 Harrison Avenue, Leadville, Colorado 80461.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Leadville, Colorado**  
**Statement of Net Position**  
**Governmental Activities**  
**December 31, 2017**

**Assets:**

|                                       |                         |
|---------------------------------------|-------------------------|
| Cash and Cash Equivalents:            |                         |
| Unrestricted                          | 1,092,796               |
| Restricted                            | 344,876                 |
| Receivables, net:                     |                         |
| Property taxes                        | 399,852                 |
| Other                                 | 24,407                  |
| Intergovernmental                     | 284,091                 |
| Prepaid expenses                      | 11,948                  |
| Capital Assets, not being depreciated | 100,638                 |
| Depreciable capital assets, net       | <u>2,432,666</u>        |
| <b>Total Assets</b>                   | <u><b>4,691,274</b></u> |

**Deferred Outflows of Resources:**

|   |                       |
|---|-----------------------|
| Pension related deferred outflows:          |                       |
| Cost share plan - Fire                      | 206,489               |
| Cost share plan - Police                    | 128,040               |
| Agent plan - Fire "Old Hire"                | <u>23,608</u>         |
| <b>Total Deferred Outflows of Resources</b> | <u><b>358,137</b></u> |

**Liabilities:**

|                               |                       |
|-------------------------------|-----------------------|
| Accounts payable              | 66,521                |
| Accrued payroll               | 63,209                |
| Accrued expenses              | 68,443                |
| Deposits                      | 4,913                 |
| Accrued compensated absences: |                       |
| Due in more than one year     | 105,223               |
| Debt payable:                 |                       |
| Due within one year           | 107,210               |
| Due in more than one year     | 283,798               |
| Net Pension Liability:        |                       |
| Due in more than one year     |                       |
| Cost share plan - Fire        | 36,310                |
| Cost share plan - Police      | 21,090                |
| Agent plan - Fire "Old Hire"  | <u>132,300</u>        |
| <b>Total Liabilities</b>      | <u><b>889,017</b></u> |

**Deferred Inflows of Resources:**

|  |                       |
|--|-----------------------|
| Pension related deferred inflows:          |                       |
| Cost share plan - Fire                     | 23,515                |
| Cost share plan - Police                   | 7,313                 |
| Main street grant program                  | 6,985                 |
| Unavailable property tax revenue           | <u>399,852</u>        |
| <b>Total Deferred Inflows of Resources</b> | <u><b>437,665</b></u> |

**Net Position:**

|                                  |                                |
|----------------------------------|--------------------------------|
| Net investment in capital assets | 2,142,296                      |
| Restricted for emergencies       | 79,000                         |
| Unrestricted                     | <u>1,501,433</u>               |
| <b>Total Net Position</b>        | <u><u><b>3,722,729</b></u></u> |

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

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

| <b>Functions/Programs</b>            | <b>Expenses</b>  | <b>Program Revenues</b>     |   |   | <b>Net (Expense) Revenue and Change in Net Position</b> |
|--------------------------------------|------------------|-----------------------------|---|---|---|
|                                      |                  | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |   |
| Governmental activities:             |                  |                             |   |   |   |
| General government                   | 762,082          | 181,911                     | 15,169                                    | -                                       | (565,002)   |
| Cultural enhancement                 | 92,648           | 228                         | (7,250)                                   | 91,050                                  | (8,620)   |
| Judicial                             | 22,919           | 5,305                       | -   | -                                       | (17,614)  |
| Parks and recreation                 | 28,586           | -                           | 26,232                                    | -                                       | (2,354)   |
| Public safety                        | 2,459,486        | 259,548                     | 932,842                                   | 1,500                                   | (1,265,596)   |
| Public works                         | 648,235          | 8,160                       | 130,914                                   | -                                       | (509,161)   |
| <b>Total Governmental Activities</b> | <b>4,013,956</b> | <b>455,152</b>              | <b>1,097,907</b>                          | <b>92,550</b>                           | <b>(2,368,347)</b>                                      |
| <b>General Revenues:</b>             |                  |                             |   |   |   |
|                                      |                  |                             |   |   | 1,340,986   |
|                                      |                  |                             |   |   | 379,633   |
|                                      |                  |                             |   |   | 21,917  |
|                                      |                  |                             |   |   | 126,242   |
|                                      |                  |                             |   |   | 67,512  |
|                                      |                  |                             |   |   | 8,705   |
|                                      |                  |                             |   |   | 31,700  |
|                                      |                  |                             |   |   | 38,342  |
|                                      |                  |                             |   |   | <b>2,015,037</b>  |
|                                      |                  |                             |   |   | <b>(353,310)</b>  |
|                                      |                  |                             |   |   | <b>4,076,039</b>  |
|                                      |                  |                             |   |   | <b>3,722,729</b>  |

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

FUND FINANCIAL STATEMENTS



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

|   | <u>General</u>   | <u>Conservation<br/>Trust</u> | <u>Fire<br/>Operations</u> | <u>Leadville<br/>Urban<br/>Renewal<br/>Authority</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|------------------|-------------------------------|----------------------------|--|---|
| <b>Assets:</b>  |                  |                               |                            |  |   |
| Cash and Cash Equivalents:  |                  |                               |                            |  |   |
| Unrestricted  | 994,215          | 69,034                        | 29,547                     | -  | 1,092,796                               |
| Restricted  | 344,876          | -                             | -                          | -  | 344,876                                 |
| Property taxes assessed but not collectible until subsequent year         | 399,852          | -                             | -                          | -  | 399,852                                 |
| Other receivables   | 24,407           | -                             | -                          | -  | 24,407                                  |
| Due from other Governments  | 77,246           | -                             | 206,845                    | -  | 284,091                                 |
| Due from other funds  | 103,504          | -                             | -                          | -  | 103,504                                 |
| Prepaid expenses  | 11,948           | -                             | -                          | -  | 11,948                                  |
| <b>Total Assets</b>   | <u>1,956,048</u> | <u>69,034</u>                 | <u>236,392</u>             | <u>-</u>   | <u>2,261,474</u>                        |
| <b>Liabilities and Fund Balances:</b>                                     |                  |                               |                            |  |   |
| <b>Liabilities:</b>   |                  |                               |                            |  |   |
| Accounts payable  | 46,954           | 1,969                         | 17,598                     | -  | 66,521                                  |
| Accrued payroll   | 39,695           | -                             | 23,514                     | -  | 63,209                                  |
| Accrued expenses  | 68,443           | -                             | -                          | -  | 68,443                                  |
| Due to other funds  | -                | -                             | 58,709                     | 44,795   | 103,504                                 |
| Deposits  | 4,913            | -                             | -                          | -  | 4,913                                   |
| <b>Total Liabilities</b>  | <u>160,005</u>   | <u>1,969</u>                  | <u>99,821</u>              | <u>44,795</u>  | <u>306,590</u>                          |
| <b>Deferred Inflows of Resources:</b>                                     |                  |                               |                            |  |   |
| Main street program deferred revenue                                      | 6,985            | -                             | -                          | -  | 6,985                                   |
| Unavailable property tax revenue  | 399,852          | -                             | -                          | -  | 399,852                                 |
| <b>Total Deferred Inflow of Resources</b>                                 | <u>406,837</u>   | <u>-</u>                      | <u>-</u>                   | <u>-</u>   | <u>406,837</u>                          |
| <b>Fund Balances:</b>   |                  |                               |                            |  |   |
| Unspendable   |                  |                               |                            |  |   |
| Prepaid expenses  | 11,948           | -                             | -                          | -  | 11,948                                  |
| Restricted for:   |                  |                               |                            |  |   |
| Emergencies   | 79,000           | -                             | -                          | -  | 79,000                                  |
| Recreation  | -                | 67,065                        | -                          | -  | 67,065                                  |
| Urban Renewal   | -                | -                             | -                          | (44,795)   | (44,795)                                |
| Committed for:  |                  |                               |                            |  |   |
| Capital equipment repair and replacement                                  | -                | -                             | 72,980                     | -  | 72,980                                  |
| Program and training costs  | -                | -                             | 63,591                     | -  | 63,591                                  |
| Unassigned:   |                  |                               |                            |  |   |
| General Fund  | 1,298,258        | -                             | -                          | -  | 1,298,258                               |
| <b>Total Fund Balances</b>  | <u>1,389,206</u> | <u>67,065</u>                 | <u>136,571</u>             | <u>(44,795)</u>                                      | <u>1,548,047</u>                        |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <u>1,956,048</u> | <u>69,034</u>                 | <u>236,392</u>             | <u>-</u>   | <u>2,261,474</u>                        |

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

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

|   |                  |                         |
|---|------------------|-------------------------|
| <b>Governmental Funds Total Fund Balance</b>  |                  | 1,548,047               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                     |                  |                         |
| Capital assets, net   |                  | 2,533,304               |
| Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds. |                  |                         |
| Deferred Outflows of Resources:   |                  |                         |
| Cost Share Plan - Fire  | 206,489          |                         |
| Cost Share Plan - Police  | 128,040          |                         |
| Agent - Fire "Old Hire"   | <u>23,608</u>    | 358,137                 |
| Long-term liabilities and deferred outflows are not due and payable in the current period, and therefore are not reported in the funds.       |                  |                         |
| Net Pension Liabilities:  |                  |                         |
| Cost Share Plan - Fire  | (36,310)         |                         |
| Cost Share Plan - Police  | (21,090)         |                         |
| Agent - Fire "Old Hire"   | <u>(132,300)</u> | (189,700)               |
| Deferred inflows of resources:  |                  |                         |
| Cost Share Plan - Fire  | (23,515)         |                         |
| Cost Share Plan - Police  | <u>(7,313)</u>   | (30,828)                |
| Accrued compensated absences  | (105,223)        |                         |
| Capital lease payable   | <u>(391,008)</u> | <u>(496,231)</u>        |
| <b>Net Position of Governmental Activities</b>  |                  | <u><u>3,722,729</u></u> |

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

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

|  | <b>General</b>   | <b>Conservation<br/>Trust</b> | <b>Fire<br/>Operations</b> | <b>Leadville<br/>Urban<br/>Renewal<br/>Authority</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|------------------|-------------------------------|----------------------------|--|---|
| <b>Revenues:</b>   |                  |                               |                            |  |   |
| Taxes  | 1,936,290        | -                             | -                          | -  | 1,936,290                               |
| Licenses and permits   | 51,817           | -                             | -                          | -  | 51,817                                  |
| Intergovernmental revenue                                    | 242,508          | 26,232                        | 890,474                    | -  | 1,159,214                               |
| Charges for services   | 133,207          | -                             | 200,172                    | -  | 333,379                                 |
| Fines and forfeitures  | 46,459           | -                             | -                          | -  | 46,459                                  |
| Investment income  | 7,764            | 620                           | 321                        | -  | 8,705                                   |
| Donations and contributions                                  | 14,709           | -                             | 100                        | -  | 14,809                                  |
| Other grants   | 23,094           | -                             | -                          | -  | 23,094                                  |
| Other income   | 53,679           | -                             | -                          | -  | 53,679                                  |
| <b>Total Revenues</b>  | <b>2,509,527</b> | <b>26,852</b>                 | <b>1,091,067</b>           | <b>-</b>   | <b>3,627,446</b>                        |
| <b>Expenditures:</b>   |                  |                               |                            |  |   |
| General government   | 716,038          | -                             | -                          | 44,795   | 760,833                                 |
| Cultural enhancement   | 72,619           | -                             | -                          | -  | 72,619                                  |
| Judicial   | 22,919           | -                             | -                          | -  | 22,919                                  |
| Parks and recreation   | -                | 28,586                        | -                          | -  | 28,586                                  |
| Public safety  | 753,466          | -                             | 1,361,250                  | -  | 2,114,716                               |
| Public works   | 613,976          | -                             | -                          | -  | 613,976                                 |
| Debt Service:  |                  |                               |                            |  |   |
| Principal  | 110,725          | -                             | -                          | -  | 110,725                                 |
| Interest   | 10,228           | -                             | -                          | -  | 10,228                                  |
| Capital outlay   | 302,113          | -                             | 61,621                     | -  | 363,734                                 |
| <b>Total Expenditures</b>                                    | <b>2,602,084</b> | <b>28,586</b>                 | <b>1,422,871</b>           | <b>44,795</b>  | <b>4,098,336</b>                        |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(92,557)</b>  | <b>(1,734)</b>                | <b>(331,804)</b>           | <b>(44,795)</b>                                      | <b>(470,890)</b>                        |
| <b>Other Financing Sources (Uses):</b>                       |                  |                               |                            |  |   |
| Transfers in   | -                | -                             | 344,802                    | -  | 344,802                                 |
| Transfers (out)  | (344,802)        | -                             | -                          | -  | (344,802)                               |
| Sale of capital assets                                       | 31,700           | -                             | -                          | -  | 31,700                                  |
| Lease proceeds   | 242,723          | -                             | -                          | -  | 242,723                                 |
| Capital contributions  | -                | -                             | 1,500                      | -  | 1,500                                   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(70,379)</b>  | <b>-</b>                      | <b>346,302</b>             | <b>-</b>   | <b>275,923</b>                          |
| <b>Net Change in Fund Balances</b>                           | <b>(162,936)</b> | <b>(1,734)</b>                | <b>14,498</b>              | <b>(44,795)</b>                                      | <b>(194,967)</b>                        |
| <b>Fund Balances - Beginning</b>                             | <b>1,552,142</b> | <b>68,799</b>                 | <b>122,073</b>             | <b>-</b>   | <b>1,743,014</b>                        |
| <b>Fund Balances - Ending</b>                                | <b>1,389,206</b> | <b>67,065</b>                 | <b>136,571</b>             | <b>(44,795)</b>                                      | <b>1,548,047</b>                        |

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

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

|   |                         |
|---|-------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | <b>(194,967)</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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense adjusted for disposal gain or losses incurred.   | 12,182                  |
| The issuance of long-term debt (i.e. capital leases) provides current financial resources to the governmental funds, however this transaction has no effect on net assets. This is the amount of capital lease proceeds.  | (242,723)               |
| The repayment of principal on long-term debt consumes the current financial resources of governmental funds. This is the amount of principal repayments reported in the governmental funds.   | 110,725                 |
| Changes in the District's net pension liability / asset 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. This is the change in the District's net pension asset during the year, including difference between employer contributions to the pension plan and amortization of pension-related deferrals | (17,730)                |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources. This is the change compensated absences.   | <u>(20,797)</u>         |
| <b>Change in Net Position of Governmental Activities</b>  | <b><u>(353,310)</u></b> |

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

**NOTES TO THE FINANCIAL STATEMENTS**



**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**

**I. Summary of Significant Accounting Policies**

The financial statements of the City of Leadville (the "City") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The City is incorporated under the laws of the State of Colorado and operates under an elected Mayor-Council form of government. The financial statements of the reporting entity include those of the City (the primary government) and any component units for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of that organization's governing body, if it is able to impose its will on that organization, or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations that are fiscally dependent upon the City; that is, organizations that are unable to adopt a budget, levy taxes, or issue debt without approval by the City. Finally, organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The City's blended component unit is the Leadville Urban Renewal Authority (the "LURA") is a separate entity created under Colorado Urban Renewal Law to provide for acquisition, clearance, rehabilitation, conservation, development, or redevelopment of property in the interest of public health, safety, morals or welfare of the residents of the City. The boundaries of the LURA shall be coterminous with those of the City. The LURA will consist of eleven members as follows: the City's Mayor and council members, an at large member appointed by the Mayor, plus one appointed member each from the Lake County Board of County Commissioners and the Lake County School District, with the final seat filled by a member appointed to represent the special districts levying a mill levy with the City. For financial reporting purposes, the LURA is blended into the City's financial statements and is reported in a single special revenue fund as a blended component unit. A separate budget is adopted for the LURA, however separate financial statements of the LURA are not issued.

**B. Government-wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's individual funds).

**1. Government-wide Financial Statements**

The government-wide financial statements report information on all non-fiduciary activities of the City and categorize primary activities as either governmental or business-type. The City's governmental activities include general government, public safety, judicial (court), public works (streets and maintenance) and parks and recreation. The City does not have any business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**1. Government-wide Financial Statements (continued)**

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, net of related debt; restricted net position, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.).

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are mostly supported by general revenues (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The City reports the following major governmental funds:

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

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Fire Operations Fund* accounts for the City's revenue and expenditures relating to the Fire Department operations.

The *Leadville Urban Renewal Fund* accounts for the receipt of tax increment revenues and the activities of redevelopment that are undertaken by the LURA, including issuing debt and constructing public improvements.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**1. Long-term Economic Focus and Accrual Basis**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

The government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**3. Financial Statement Presentation**

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

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the City.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**1. Cash, Cash Equivalents, and Investments (continued)**

The City's follows Colorado Revised Statutes which permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Investments are stated at fair market value. The City does not currently hold any investments which require fair market valuation.

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. The City uses the allowance method for recognizing the potential uncollectibility of delinquent accounts receivable. At December 31, 2017, no allowance has been established, as all amounts are considered collectible.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**4. Capital Assets**

Capital assets, which include land, infrastructure, buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years with an initial cost of \$5,000 or more. Purchased assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Capital Assets (continued)**

Buildings, equipment and vehicles and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital Assets</u>  | <u>Years</u> |
|------------------------|--------------|
| Buildings              | 30           |
| Equipment and vehicles | 3 - 30       |
| Infrastructure         | 15 - 20      |

**5. Compensated Absences**

For governmental funds, vested and accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources, is reported as expenditures and a fund liability of the governmental fund that will pay it. Vested and accumulated vacation and sick leave not expected to be liquidated with expendable available financial resources are not reported in the governmental fund financial statements. However, these amounts are reported in the government-wide financial statements. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated to be paid upon termination.

**6. Deferred outflows / inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category at December 31, 2017 deferred outflows of resources related to its pension obligations which are further described at Notes IV.F.1. and IV.F.2.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Revenue from property taxes, the main street grant program and pension related items are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the City's net pension obligation. For further details, see Notes IV.F.1. and IV.F.2.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**7. Pensions**

The City participates in the Statewide Defined Benefit Plan (the "SWDB Plan") administered by the Fire and Police Pension Association of Colorado (the "FPPA"). The SWDB Plan is a cost-sharing multiple-employer defined benefit plan. The City also sponsors the firefighter "old hire" single employer defined benefit agent plan. The net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**8. Fund Balance**

The City classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the City Council.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**9. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**10. Restricted Assets**

Certain resources of the City are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable agreements.

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**2. Restricted and Unrestricted Resources**

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes a reconciliation between *governmental funds total fund balance* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$2,533,304 difference is related to capital assets of \$6,022,931 less accumulated depreciation of \$3,489,627.

**B. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “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”. The details of this \$12,182 difference are capital outlays of \$423,489, less depreciation expense of \$270,258 and adjusted for loss on disposal of assets of \$141,049.

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Budgets are adopted on a basis consistent with GAAP. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2017:

1. For the 2017 budget year, prior to August 25, 2016, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries. The County Assessor may change the assessed valuation on or before December 15, 2016, only once by a single notification to the City.
2. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2016, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2016, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After a required publication of “Notice of Proposed Budget”, the City adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

5. After adoption of the budget resolution, the City may make the following changes: a) it may transfer appropriated money between funds; b) it may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) it may approve emergency appropriations, and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year ended December 31, 2017 the City reported expenditures in excess of appropriations for the following funds:

| <u>Fund</u>             | <u>Budget</u> | <u>Actual</u> | <u>Over Budget</u> |
|-------------------------|---------------|---------------|--------------------|
| General Fund            | \$ 2,215,206  | \$ 2,299,971  | \$ 84,765          |
| Fire Operations Fund    | 1,167,472     | 1,422,871     | 255,399            |
| Urban Renewal Authority | 30,000        | 44,795        | 14,795             |

This may be a violation of state statutes.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$79,000 for TABOR, which is the approximate required reserve at December 31, 2017.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

On November 2, 2004, the eligible electors of the City authorized the City to collect, retain, and expend the full amount of revenue generated from all sources during 2004 and each subsequent year thereafter, excluding property taxes and occupational license fees, without limitation to Article X, Section 20 of the Colorado Constitution, providing the increase above the base year revenue shall be expended as follows:

1. Twenty-five (25%) of excess revenue generated shall be used to reduce property taxes, to be accomplished through a temporary mill levy reduction. The temporary mill levy reduction shall not be reinstated unless the City's revenue decreases below the adjusted base year.
2. Seventy-five (75%) of the revenue increased shall be expended for the purposes of providing for the health, safety, and welfare of the people of Leadville.

If the City's mill levy were to reach zero for three years consecutively, a vote will be required to reinstate it. The ballot question also allows the City to eliminate the temporary mill levy credit if revenues decrease below the adjusted 2003 base year revenue limit.

**IV. Detailed Notes on all Funds**

**A. Deposits and Investments**

The City's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's cash and investments was \$1,437,672 at year end. The City had the following cash and investments with the following maturities at December 31, 2017:

|                        | Standard<br>& Poors<br>Rating | Carrying<br>Amounts | Maturities            |                         |
|------------------------|-------------------------------|---------------------|-----------------------|-------------------------|
|                        |                               |                     | Less than<br>one year | Less than<br>five years |
| <i>Deposits:</i>       |                               |                     |                       |                         |
| Petty Cash             | Not rated                     | \$ 385              | \$ 385                | \$ -                    |
| Checking               | Not rated                     | 1,369,221           | 1,369,221             | -                       |
| Savings                | Not rated                     | 169                 | 169                   |                         |
| Non-negotiable         |                               |                     |                       |                         |
| Certificate of deposit | Not rated                     | 67,897              | -                     | 67,897                  |
|                        |                               | <u>\$ 1,437,672</u> | <u>\$ 1,369,775</u>   | <u>\$ 67,897</u>        |

The City has no investments that meet the fair value requirements.

*Interest Rate Risk* - As a means of limiting its exposure to interest rate risk, the City coordinates its investment maturities closely to match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**A. Deposits and Investments (continued)**

*Credit Risk* - Colorado statutes specify instruments in which local governments may invest. The City's general investment policy is to apply the prudent-person rule; Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**B. Restricted Cash**

Restricted cash and investments consisted of the following at December 31, 2017:

|                                    |           |                |
|------------------------------------|-----------|----------------|
| Bail bonds                         | \$        | 4,293          |
| Court surcharge                    |           | 1,586          |
| Police Chief retirement obligation |           | 338,997        |
| <b>Total Restricted Cash</b>       | <b>\$</b> | <b>344,876</b> |

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|
| <b>Governmental activities:</b>                               |                              |                   |                     |                           |
| Capital assets, not being depreciated:                        |                              |                   |                     |                           |
| Land  | \$ 43,608                    | \$ 57,030         | \$ -                | \$ 100,638                |
| <b>Total Capital Assets, Not<br/>Being Depreciated</b>        | <u>43,608</u>                | <u>57,030</u>     | <u>-</u>            | <u>100,638</u>            |
| Capital assets, being depreciated:                            |                              |                   |                     |                           |
| Infrastructure  | 484,283                      | -                 | -                   | 484,283                   |
| Buildings   | 1,304,688                    | -                 | -                   | 1,304,688                 |
| Equipment and vehicles  | 4,181,183                    | 366,459           | (414,320)           | 4,133,322                 |
| <b>Total Capital Assets<br/>Being Depreciated</b>             | <u>5,970,154</u>             | <u>366,459</u>    | <u>(414,320)</u>    | <u>5,922,293</u>          |
| Less accumulated depreciation for:                            |                              |                   |                     |                           |
| Infrastructure  | (313,070)                    | (28,677)          | -                   | (341,747)                 |
| Buildings   | (659,461)                    | (23,605)          | -                   | (683,066)                 |
| Equipment and vehicles  | (2,520,109)                  | (217,976)         | 273,271             | (2,464,814)               |
| <b>Total Accumulated Depreciation</b>                         | <u>(3,492,640)</u>           | <u>(270,258)</u>  | <u>273,271</u>      | <u>(3,489,627)</u>        |
| <b>Total Capital Assets, Being<br/>Being Depreciated, Net</b> | <u>2,477,514</u>             | <u>96,201</u>     | <u>(141,049)</u>    | <u>2,432,666</u>          |
| <b>Governmental activities<br/>capital assets, net</b>        | <u>\$ 2,521,122</u>          | <u>\$ 153,231</u> | <u>\$ (141,049)</u> | <u>\$ 2,533,304</u>       |

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

The City had capital outlay expenditures and depreciation expense for 2017 as follows:

|                          | <u>Depreciation<br/>Expense</u> | <u>Capital<br/>Outlay</u> |
|--------------------------|---------------------------------|---------------------------|
| Governmental activities: |                                 |                           |
| Cultural enhancement     | \$ 20,029                       | \$ 30,000                 |
| Public safety            | 150,457                         | 48,736                    |
| Public works             | 99,772                          | 344,753                   |
| <b>Total</b>             | <u>\$ 270,258</u>               | <u>\$ 423,489</u>         |

**D. Interfund Activity**

**1. Internal Balances**

Balances due between funds at December 31, 2017 were as follows:

|                 | <u>Due To</u>     | <u>Due From</u>   |
|-----------------|-------------------|-------------------|
| General         | 103,504           | \$ -              |
| Fire Operations | -                 | 58,709            |
| Leadville URA   | -                 | 44,795            |
|                 | <u>\$ 103,504</u> | <u>\$ 103,504</u> |

The internal balance between the General Fund and Fire Fund is due to temporary cash flow.

The amount payable to the general fund from the LURA is related to costs incurred in the formation of the LURA. This balance is not scheduled to be collected in the subsequent year.

**2. Transfers**

Transfers made during 2017 were as follows:

|                 | <u>Transfers<br/>In</u> | <u>Transfers<br/>Out</u> |
|-----------------|-------------------------|--------------------------|
| General         | \$ -                    | \$ 344,802               |
| Fire Operations | 344,802                 | -                        |
|                 | <u>\$ 344,802</u>       | <u>\$ 344,802</u>        |

The transfer made from the General Fund to the Fire Fund was the General Fund's subsidy of the fire protection operations.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds**

**E. Long-term Liabilities**

**1. Capital Leases**

The City has entered into the following leases:

*Police Equipment* - On November 15, 2012, the City entered into a five-year lease in the amount of \$16,861 for the purchase of public safety equipment, bearing interest at 4.50%. Lease payments of \$327 are due monthly on the 15<sup>th</sup> through September 15, 2017. As of December 31, 2017, the lease was paid in full.

*Police Vehicles:*

- a. On May 6, 2016, the City entered into a lease purchase agreement for three police vehicles in the amount of \$108,314, bearing interest at 5.45%. Lease payments of \$2,518 are due monthly on the 6<sup>th</sup> through April 6, 2020.
- b. On August 1, 2016, the City entered into a lease purchase agreement for two police vehicles in the amount of \$52,400, bearing interest at 5.45%. Lease payments of \$1,006 are due monthly on the 1<sup>st</sup> through July 1, 2021.

*Loader:* On October 9, 2014, the City entered into a seven-year lease purchase agreement for a loader in the amount of \$168,035, bearing interest at 3.20%. Lease payments of \$2,239 are due monthly on the 9<sup>th</sup> through October 9, 2021.

*Mack Truck:* On May 3, 2017, the City entered into a five-year lease purchase agreement for a Mack Truck in the amount of \$242,723, bearing interest at 3.02%. Lease payments of \$51,475 are due annually on the 10<sup>th</sup> of January through January 10, 2021.

Future lease payments for the City are as follows:

|              | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------|-------------------|------------------|-------------------|
| 2018         | \$ 107,381        | \$ 13,243        | \$ 120,624        |
| 2019         | 111,655           | 8,969            | 120,624           |
| 2020         | 93,032            | 4,932            | 97,964            |
| 2021         | 78,940            | 1,964            | 80,904            |
| <b>Total</b> | <u>\$ 391,008</u> | <u>\$ 29,108</u> | <u>\$ 420,116</u> |

Interest expense, as functionally allocated, for the year ended December 31, 2017 is:

|                          | <u>Interest<br/>Expense</u> |
|--------------------------|-----------------------------|
| Governmental activities: |                             |
| Public safety            | \$ 6,678                    |
| Public works             | 3,550                       |
| <b>Total</b>             | <u>\$ 10,228</u>            |

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Long-term Liabilities (continued)**

**1. Capital Leases**

The net book value of the assets acquired through a capital lease is computed as follows at December 31, 2017:

|                                |                   |
|--------------------------------|-------------------|
| Cost                           | \$ 658,286        |
| Less: accumulated depreciation | (196,789)         |
| <b>Net book Value</b>          | <b>\$ 461,497</b> |

**2. Accrued Compensated Absences**

City employees accumulate paid time off (“PTO”) based upon their length of employment. All employees are encouraged to use their PTO within the year it is earned. Unused accumulated PTO is payable to employees upon termination, subject to certain maximum limits. Therefore, a liability for unused paid time off is shown on the City’s government-wide financial statements.

**3. Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2017, was as follows:

|                       | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance | Due Within<br>One Year |
|-----------------------|----------------------|-------------------|---------------------|-------------------|------------------------|
| Capital leases        | \$ 259,010           | \$ 242,723        | \$ (110,725)        | \$ 391,008        | \$ 107,210             |
| Compensated absences  | 84,425               | 20,798            | -                   | 105,223           | -                      |
| Net pension liability | 127,766              | 61,934            | -                   | 189,700           | -                      |
| <b>Total</b>          | <b>\$ 471,201</b>    | <b>\$ 325,455</b> | <b>\$ (110,725)</b> | <b>\$ 685,931</b> | <b>\$ 107,210</b>      |

These liabilities are generally liquidated by the General Fund and the Fire Operations Fund.

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**1. FPPA Statewide Defined Benefit Plan**

*Plan Description:* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA’s website at <http://www.FPPAco.org>.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Contributions:* Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% and 9%, respectively of base salary for a total contribution rate of 17% through 2016. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

*Benefits:* On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1.

The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account ("SRA") has two components; the standard SRA and the reentry SRA.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.7%.

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

*Net Pension Liability (Asset):* At December 31, 2017, the City reported liabilities of \$36,310 and \$21,090 for its proportionate share of the net pension asset for fire and police respectively. (The City reported a liability because the Plan's total pension liability exceeds its fiduciary net position.) The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. The City's proportion of the net pension liability was based on City contributions to the Plan for the calendar year 2016 relative to the total contributions of participating employers to the Plan.

At December 31, 2017, the City proportions for fire and police were as follows:

|        | <b>Proportionate Share</b> |             |
|--------|----------------------------|-------------|
|        | <b>2016</b>                | <b>2015</b> |
| Fire   | 0.100487%                  | 0.087152%   |
| Police | 0.058365%                  | 0.053234%   |

For the year ended December 31, 2017, the City recognized net pension (revenue) or expense of \$10,927 and \$8,485 for fire and police respectively.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Net Pension Liability (Asset) (continued):* At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Fire</b>                           |                                      | <b>Police</b>                         |                                      |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
|  | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
| Difference between expected and actual experience                                | \$ 32,421                             | \$ 1,847                             | \$ 18,831                             | \$ 1,073                             |
| Change of assumptions or other inputs  | 24,803                                | -                                    | 14,406                                | -                                    |
| Net difference between projected and actual earnings on pension plan investments | 98,008                                | -                                    | 56,925                                | -                                    |
| Changes in proportionate share of contributions                                  | 4,933                                 | 21,668                               | 11,796                                | 6,240                                |
| Contributions subsequent to measurement date                                     | 46,324                                | -                                    | 26,082                                | -                                    |
|  | <u>\$ 206,489</u>                     | <u>\$ 23,515</u>                     | <u>\$ 128,040</u>                     | <u>\$ 7,313</u>                      |

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the subsequent year. Other 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> | <b>Amortization</b> |                    |
|--------------------------------|---------------------|--------------------|
|                                | <b>Fire</b>         | <b>Police</b>      |
| 2018                           | \$ (35,684)         | \$ (22,483)        |
| 2019                           | (35,684)            | (22,483)           |
| 2020                           | (33,449)            | (21,185)           |
| 2021                           | (12,586)            | (9,067)            |
| 2022                           | (4,849)             | (4,573)            |
| thereafter                     | (14,398)            | (14,854)           |
|                                | <u>\$ (136,650)</u> | <u>\$ (94,645)</u> |

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Actuarial assumptions:* The collective total pension liability and actuarially-determined contributions in the December 31, 2016 actuarial valuation were determined using the following actuarial assumptions and other inputs:

| <b>Actuarial Assumptions</b>               | <b>Total Pension Liability 2017</b> | <b>Actuarially Determined Contributions 2016</b> |
|--|-------------------------------------|--|
| <b>Actuarial Valuation Date January 1,</b> |                                     |  |
| Actuarial method                           | Entry Age                           | Entry Age  |
|  | Normal                              | Normal   |
| Amortization Method                        | Level % of Payroll, open            | Level % of Payroll, open                         |
| Amortization Period                        | 30 years                            | 30 years   |
| Asset Valuation Method                     | 5-Year Smoothed Fair Value          | 5-Year Smoothed Fair Value                       |
| Long-term investment Rate of Return        | 7.50%                               | 7.50%  |
| Projected Salary Increases                 | 4.0% - 14.0%                        | 4.0% - 14.0%                                     |
| Cost of Living Adjustments (COLA)          | 0%                                  | 0%   |
| Includes inflation at                      | 2.50%                               | 2.50%  |

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree.

The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Actuarial assumptions (continued):* Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

| <u>Asset Class</u>    | <u>Target<br/>Allocation</u> | <u>Long Term<br/>Expected<br/>Rate of Return</u> |
|-----------------------|------------------------------|--|
| Global Equity         | 36.00%                       | 9.25%  |
| Equity Long / Short   | 10.00%                       | 7.35%  |
| Illiquid Alternatives | 23.00%                       | 10.75%   |
| Fixed Income          | 15.00%                       | 4.10%  |
| Absolute Return       | 10.00%                       | 6.55%  |
| Managed Futures       | 4.00%                        | 5.50%  |
| Cash                  | 2.00%                        | 0%*  |
| Total                 | <u>100.00%</u>               |  |

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

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

*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 expected rate of return on pension plan investments is 7.50 percent; the municipal bond rate is 3.78 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50 percent.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

*Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate* - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|   | <b>1% Decrease<br/>(6.50%)</b> | <b>Current Discount<br/>Rate (7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|---|--------------------------------|--|--------------------------------|
| Collective net pension liability (asset)              | \$ 307,440,992                 | \$ 36,133,840                            | \$ (189,200,101)               |
| Proportionate share of net pension liability (asset): |                                |  |                                |
| Fire  | \$ 308,938                     | \$ 36,310                                | \$ (190,122)                   |
| Police  | \$ 179,437                     | \$ 21,090                                | \$ (110,426)                   |

*Pension plan fiduciary net position:* Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at: [http://www.fppaco.org/annual\\_reports.htm](http://www.fppaco.org/annual_reports.htm).

**2. Agent Fire "Old Hire" Pension Plan**

*Plan Description:* The City is trustee of a single-employer defined benefit pension plan available to provide retirement income for all fire fighters hired before April 8, 1978 ("old hires") in recognition of their service to the City. FPPA administers an agent multiple-employer Public Employee Retirement System ("PERS"). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://fppaco.org>.

The plan provides normal retirement benefits, severance, and death and disability benefits. Normal retirement benefits begin at 50 years of age and upon completion of 18 years of service and include monthly pension equal to one-half of his monthly salary at the date of his retirement. For severances, firefighters have the option to refund their contribution with 5% annual interest, or to receive deferred retirement pensions equal to one-half their monthly salary if they meet the age and service requirements of the normal retirement benefit. If a firefighter eligible to receive or is receiving benefits dies in retirement, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one-half the monthly pension the firefighter was entitled to receive. There are no vested retirement benefits.

As of January 1, 2016 the latest actuarial valuation date, there were 0 active members, 2 service retirees and 1 beneficiary, and 0 terminated vested members.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. Agent Fire “Old Hire” Pension Plan (continued)**

*Funding Policy:* The funding of the plan by the City and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the “State”) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the City currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

*Net Pension Liability:* At December 31, 2017, the volunteer pension fund reported a net pension liability of \$132,300. The net pension liability was 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 January 1, 2016.

*Actuarial Assumptions:* The significant actuarial assumptions used in the valuation as of January 1, 2017 were:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age Normal  |
| Amortization method           | Level Dollar, Open  |
| Remaining amortization period | 17 Years*   |
| Asset valuation method        | 5-Year smoothed fair value  |
| Inflation                     | 3.00%   |
| Salary increases              | N/A   |
| Investment rate of return     | 7.50%   |
| Retirement age                | Any remaining actives are assumed to retire immediately.  |
| Mortality                     | Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment.<br>Disabled (pre-1980): RP-2000 Disabled Mortality Tables. All tables projected with Scale AA. |

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

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA per Standard and Poor’s Corp. or Aa2 per Moddy’s Investors Service credit rating as of the measurement date (3.75%) to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**F. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. Agent Fire “Old Hire” Pension Plan (continued)**

*Actuarial Assumptions (continued):* Regarding the sensitivity of the net pension liability (asset) to changes in the Single Discount Rate, the following represent 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>1% Decrease<br/>(6.50%)</b> | <b>Current Discount<br/>Rate (7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|-------------------------------|--------------------------------|--|--------------------------------|
| Net pension liability (asset) | \$ 152,248                     | \$ 132,300                               | \$ 114,774                     |

In connection with the City’s Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2017:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual experience | \$ 7,984                                      | \$ -   |
| Contributions subsequent to measurement date      | 15,624  | -  |
|   | \$ 23,608                                     | \$ -   |

Contributions subsequent to the measurement date of December 31, 2016, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

| <b>Year Ended<br/>December 31,</b> | <b>Amortization</b> |
|------------------------------------|---------------------|
| 2018                               | \$ 2,555            |
| 2019                               | 2,553               |
| 2020                               | 2,288               |
| 2021                               | 588                 |
|                                    | \$ 7,984            |

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**G. Other Payroll Obligation - Police Chief Retirement Benefit Obligation**

The City has one retired police chief who is covered by an agreement to provide retirement benefits. The benefit provides approximately \$30,000 in annual payments. In 2017 the City has set aside \$68,443 to provide this benefit. The City has not completed recurring actuarial evaluations one beneficiary receiving benefits who is age 83 as of December 31, 2017. No other City employees currently participate or will participate in the plan in the future as all employees hired after April 8, 1978, are covered by a FPPA "new hire" pension plan.

The payment is based upon 65% of the average salary received one year before retirement, with an adjustment of 3% of such average salary for each year of service completed in excess of 22 years, up to a maximum of 100% of such policemen's average salary.

The City has recorded this amount as restricted cash and a liability as accrued expenses in the General Fund.

**V. Other Information**

**A. Pension Plans**

**1. Deferred Compensation Plan**

The City offers its full time, year-round employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (the "457 Plan"). The 457 Plan permits eligible employees to defer a portion of their salary until future years.

All compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Compensation deferred under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City matches employee contributions at a minimum rate of 1% for all City employees with up to 5% match for fire and police personnel and up to 6% match for other City employees.

The City contributed \$39,670 for the year ended December 31, 2017

Investment decisions within the 457 Plan are determined by the individual participants and, therefore, the 457 Plan's investment concentration varies between participants.

The City is the Trustee of the 457 Plan and, accordingly, has no liability for losses under the plan. However, the City does have the duty of due care that would be required of an ordinary prudent investor. Consequently, the 457 Plan is not part of the City's financial statements.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**2. Statewide Money Purchase Plan**

All paid police and fire department employees, including clerical and auxiliary fire protection personnel, of the City are eligible to participate in FPPA's Statewide Money Purchase Retirement Plan (the "MMPP"). The MMPP is a multiple-employer defined contribution pension fund administered by FPPA.

The MMPP is a defined contribution plan, in which benefits depend solely on amounts contributed and investment earnings. The contribution rate, as specified by state statute, is 8% of participating employees covered salary by the City and employees. The City contributed \$4,800 for the year ended December 31, 2017.

Employee contributions, and the earnings on those contributions, are 100% vested with vesting in the City's contributions at the rate of 20% per year and are fully vested after five years. Unvested City contributions for employees who leave employment before five years are reserved in a forfeiture account to pay the administrative expenses of the MMPP. Forfeitures may be carried forward from one plan year to the next for up to five years. After five years, forfeitures not used to pay the administrative expenses must be used to reduce the City's required contributions to the plan. There were no forfeitures during the year ended December 221, 2017.

**B. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency**

The City is exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; general property liability and errors and omissions. To address such risks, the City is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property, \$100,000 per claim / annual aggregate public relations and security breach, \$1,000,000 per claim or occurrence for liability, \$1,000,000 for public officials' liability, \$500,000 each claim / annual aggregate security and privacy liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2017. The deductible amount paid by the City for each incident in 2017 was \$1,000. All settlements for the year-ended December 31, 2017 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**B. Risk Management (continued)**

**1. Colorado Intergovernmental Risk Sharing Agency (continued)**

The City's share of CIRSA's assets, liabilities and fund equity as of December 31, 2017, (the latest year for which audited data is available) is as follows:

| <b>Property and Casualty Pool:</b> | <b>Equity Ratio</b> |
|------------------------------------|---------------------|
| Operating Fund                     | 0.0573%             |
| Loss Fund                          | -0.0031%            |
| Excess Fund                        | -0.0901%            |
| Reserve Fund                       | 0.2542%             |

CIRSA's combined financial information for the year ended December 31, 2017, is summarized as follows:

|                               |                      |
|-------------------------------|----------------------|
| <b>Assets:</b>                |                      |
| Cash and investments          | \$ 79,928,631        |
| Other assets                  | 7,839,652            |
| <b>Total assets</b>           | <u>87,768,283</u>    |
| <b>Total liabilities</b>      | <u>33,977,576</u>    |
| <b>Net position</b>           | <u>\$ 53,790,707</u> |
| <br>                          |                      |
| Total revenues                | \$ 26,784,613        |
| Total expenses                | (23,649,283)         |
| <b>Change in net position</b> | <u>\$ 3,135,330</u>  |

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

**2. Workers Compensation**

The City is exposed to various risks of loss related to worker's compensation. The City has acquired commercial coverage for this risk and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and settlements have not exceeded coverage for each of the past three fiscal years.

**C. Commitments and Contingencies**

**1. Legal Claims**

During the normal course of business, the City may incur claims and other assertions against it from various agencies and individuals. Management of the City and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2017.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**C. Commitments and Contingencies (continued)**

**2. Federal and State Grants and Financial Sources**

The City receives financial assistance from federal and state governmental agencies in the form of grants and operating agreements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2017.

**D. Intergovernmental Agreements**

In accordance with an intergovernmental agreement with Lake County, Colorado ("County"), the County reimburses the City for 70% of the City's fire protection expenditures. The County's share of fire protection expenditures totaled \$804,539 for the year ended December 31, 2017.

In accordance with an intergovernmental agreement with Lake County, the County and City equally share all costs associated with the construction and maintenance of an animal shelter. The City is responsible for providing staffing of 12 hours per week for the animal shelter via the City's Police Department. The County's share of animal shelter costs totaled \$38,901 during 2017.

In 2004, the City entered into an agreement with the County Health Pool for administration of a health insurance program for all full-time non-elected City employees. Under this agreement, the City must purchase and pay for 50% of the employees' health insurance premiums (the City is currently paying 75%), and 100% of employees' group life insurance premiums must be purchased by the City. Employees are eligible for coverage after 30 days of continuous full-time employment.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

|  | 2017               |                  |                  | Final<br>Budget<br>Variance<br>Positive<br>(Negative) | 2016             |
|--|--------------------|------------------|------------------|---|------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual           |   | Actual           |
| <b>Revenues:</b>                       |                    |                  |                  |   |                  |
| <b>Taxes:</b>                          |                    |                  |                  |   |                  |
| Property tax                           | 378,213            | 378,213          | 379,633          | 1,420   | 384,298          |
| Specific ownership tax                 | 17,000             | 17,000           | 21,917           | 4,917   | 17,518           |
| Sales tax                              | 1,171,280          | 1,171,280        | 1,340,986        | 169,706   | 1,216,958        |
| Franchise tax                          | 130,000            | 130,000          | 126,242          | (3,758)   | 123,072          |
| Other taxes                            | 58,380             | 58,380           | 67,512           | 9,132   | 58,520           |
| <b>Total Taxes</b>                     | <u>1,754,873</u>   | <u>1,754,873</u> | <u>1,936,290</u> | <u>181,417</u>  | <u>1,800,366</u> |
| <b>Licenses and Permits:</b>           |                    |                  |                  |   |                  |
| Liquor license fee                     | 4,000              | 4,000            | 5,674            | 1,674   | 6,063            |
| Business licenses                      | 29,500             | 29,500           | 36,693           | 7,193   | 18,600           |
| Private parking permits                | 4,400              | 4,400            | 6,150            | 1,750   | 4,475            |
| Excavation and zoning                  | 2,300              | 2,300            | 3,300            | 1,000   | 1,775            |
| <b>Total Licenses and Permits</b>      | <u>40,200</u>      | <u>40,200</u>    | <u>51,817</u>    | <u>11,617</u>   | <u>30,913</u>    |
| <b>Intergovernmental Revenue:</b>      |                    |                  |                  |   |                  |
| Grant revenue                          | -                  | -                | 64,533           | 64,533  | 304,391          |
| State Highway Users Fund               | 108,015            | 108,015          | 116,610          | 8,595   | 114,330          |
| Animal control reimbursement (County)  | 48,431             | 48,431           | 38,901           | (9,530)   | 40,838           |
| Motor vehicle fees                     | 13,000             | 13,000           | 14,304           | 1,304   | 13,942           |
| State highway maintenance              | 8,855              | 8,855            | 8,160            | (695)   | 4,320            |
| <b>Total Intergovernmental Revenue</b> | <u>178,301</u>     | <u>178,301</u>   | <u>242,508</u>   | <u>64,207</u>   | <u>477,821</u>   |
| <b>Charges for Services:</b>           |                    |                  |                  |   |                  |
| Building inspection fees               | 89,347             | 89,347           | 64,972           | (24,375)  | 37,507           |
| Fire department administrative fee     | 25,383             | 25,383           | 25,400           | 17  | 25,400           |
| Other charges for services             | 3,000              | 3,000            | 4,613            | 1,613   | 4,513            |
| Development review fees                | -                  | -                | 20,000           | 20,000  | -                |
| Animal control fees                    | 14,866             | 14,866           | 18,222           | 3,356   | 14,996           |
| <b>Total Charges for Services</b>      | <u>132,596</u>     | <u>132,596</u>   | <u>133,207</u>   | <u>611</u>  | <u>82,416</u>    |
| <b>Fines and Forfeitures:</b>          |                    |                  |                  |   |                  |
| Traffic fines                          | 22,261             | 22,261           | 13,920           | (8,341)   | 20,175           |
| Other                                  | 17,906             | 17,906           | 13,454           | (4,452)   | 19,370           |
| Court fines                            | 9,230              | 9,230            | 5,305            | (3,925)   | 11,535           |
| Parking fines                          | 5,284              | 5,284            | 13,780           | 8,496   | 6,790            |
| <b>Total Fines and Forfeitures</b>     | <u>54,681</u>      | <u>54,681</u>    | <u>46,459</u>    | <u>(8,222)</u>  | <u>57,870</u>    |
| <b>Other:</b>                          |                    |                  |                  |   |                  |
| Investment income                      | 4,845              | 4,845            | 7,764            | 2,919   | 5,492            |
| Donations and contributions            | 4,683              | 4,683            | 14,709           | 10,026  | 306,217          |
| Other grants                           | -                  | -                | 23,094           | 23,094  | -                |
| Other income                           | 32,518             | 32,518           | 53,679           | 21,161  | 59,242           |
| <b>Total Other</b>                     | <u>42,046</u>      | <u>42,046</u>    | <u>99,246</u>    | <u>57,200</u>   | <u>370,951</u>   |
| <b>Total Revenues</b>                  | <u>2,202,697</u>   | <u>2,202,697</u> | <u>2,509,527</u> | <u>306,830</u>  | <u>2,820,337</u> |

(continued)

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**  
**(With Comparative Actual Amounts For the Year Ended 2016)**  
**(Continued)**

|   | 2017               |                  |                  | Final<br>Budget<br>Variance<br>Positive<br>(Negative) | 2016             |
|---|--------------------|------------------|------------------|---|------------------|
|   | Original<br>Budget | Final<br>Budget  | Actual           |   | Actual           |
| <b>Expenditures:</b>                            |                    |                  |                  |   |                  |
| General Government:                             |                    |                  |                  |   |                  |
| Executive                                       | 49,132             | 49,132           | 51,711           | (2,579)   | 23,840           |
| Administrative                                  | 67,584             | 67,584           | 73,361           | (5,777)   | 71,685           |
| City Clerk                                      | 37,635             | 37,635           | 38,040           | (405)   | 30,583           |
| City Treasurer                                  | 71,803             | 71,803           | 72,228           | (425)   | 70,503           |
| General operating                               | 412,048            | 501,048          | 480,698          | 20,350  | 378,405          |
| Animal shelter                                  | 96,860             | 96,860           | 99,164           | (2,304)   | 98,351           |
| Cultural enhancement                            | -                  | -                | 72,619           | (72,619)  | 32,506           |
| Judicial  | 27,007             | 27,007           | 22,919           | 4,088   | 20,684           |
| Police department                               | 624,989            | 640,989          | 654,302          | (13,313)  | 869,243          |
| Public works                                    | 564,035            | 659,035          | 613,976          | 45,059  | 415,768          |
| Debt Service:                                   |                    |                  |                  |   |                  |
| Principal                                       | 64,113             | 64,113           | 110,725          | (46,612)  | 75,094           |
| Interest  | -                  | -                | 10,228           | (10,228)  | 9,348            |
| <b>Total Expenditures</b>                       | <u>2,015,206</u>   | <u>2,215,206</u> | <u>2,299,971</u> | <u>(84,765)</u>                                       | <u>2,096,010</u> |
| <b>Excess of Revenues<br/>Over Expenditures</b> | <u>187,491</u>     | <u>(12,509)</u>  | <u>209,556</u>   | <u>222,065</u>  | <u>724,327</u>   |
| <b>Other Financing (Uses)</b>                   |                    |                  |                  |   |                  |
| Transfer (out)                                  | (340,491)          | (340,491)        | (344,802)        | (4,311)   | (323,497)        |
| Sale of capital assets                          | -                  | -                | 31,700           | 31,700  | -                |
| Capital outlay                                  | -                  | -                | (302,113)        | (302,113)   | (600,866)        |
| Lease proceeds                                  | -                  | -                | 242,723          | 242,723   | 161,804          |
| <b>Total Other Financing (Uses)</b>             | <u>(340,491)</u>   | <u>(340,491)</u> | <u>(372,492)</u> | <u>(32,001)</u>                                       | <u>(762,559)</u> |
| <b>Net Change in Fund Balances</b>              | <u>(153,000)</u>   | <u>(353,000)</u> | <u>(162,936)</u> | <u>190,064</u>  | <u>(38,232)</u>  |
| <b>Fund Balances - Beginning</b>                |                    |                  | <u>1,552,142</u> |   | <u>1,590,374</u> |
| <b>Fund Balances - Ending</b>                   |                    |                  | <u>1,389,206</u> |   | <u>1,552,142</u> |

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

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

|                                    | 2017               |                 |         | Final<br>Budget<br>Variance<br>Positive<br>(Negative) | 2016   |
|------------------------------------|--------------------|-----------------|---------|---|--------|
|                                    | Original<br>Budget | Final<br>Budget | Actual  |   | Actual |
| <b>Revenues:</b>                   |                    |                 |         |   |        |
| State lottery funds                | 28,000             | 28,000          | 26,232  | (1,768)   | 28,989 |
| Investment income                  | 292                | 292             | 620     | 328   | 347    |
| <b>Total Revenues</b>              | 28,292             | 28,292          | 26,852  | (1,440)   | 29,336 |
| <b>Expenditures:</b>               |                    |                 |         |   |        |
| Parks                              | 19,220             | 19,220          | 14,455  | 4,765   | 15,510 |
| Other                              | 50,496             | 50,496          | 14,131  | 36,365  | 4,299  |
| <b>Total Expenditures</b>          | 69,716             | 69,716          | 28,586  | 41,130  | 19,809 |
| <b>Net Change in Fund Balances</b> | (41,424)           | (41,424)        | (1,734) | 39,690  | 9,527  |
| <b>Fund Balances - Beginning</b>   |                    |                 | 68,799  |   | 59,272 |
| <b>Fund Balances - Ending</b>      |                    |                 | 67,065  |   | 68,799 |

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**Fire Operations Fund**  
**For the Year Ended December 31, 2017**  
**(With Comparative Actual Amounts For the Year Ended 2016)**

|  | <u>2017</u>                |                         |                  | <b>Final<br/>Budget<br/>Variance<br/>Positive<br/>(Negative)</b> | <u>2016</u>      |
|--|----------------------------|-------------------------|------------------|--|------------------|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    |  | <b>Actual</b>    |
| <b>Revenues:</b>   |                            |                         |                  |  |                  |
| Intergovernmental revenue - Lake County                      | 794,481                    | 794,481                 | 804,539          | 10,058   | 754,827          |
| Grants   | -                          | -                       | 85,935           | 85,935   | 19,765           |
| Forest service payments                                      | -                          | -                       | 193,898          | 193,898  | 119,481          |
| Standby payments   | -                          | -                       | 6,274            | 6,274  | 3,025            |
| Donations and contributions                                  | -                          | -                       | 100              | 100  | 194              |
| Investment income  | -                          | -                       | 321              | 321  | 180              |
| <b>Total Revenues</b>  | <u>794,481</u>             | <u>794,481</u>          | <u>1,091,067</u> | <u>296,586</u>   | <u>897,472</u>   |
| <b>Expenditures:</b>   |                            |                         |                  |  |                  |
| Salaries, wages and taxes                                    | 840,837                    | 840,837                 | 854,222          | (13,385)   | 782,491          |
| Wildfire assignment and standby expense                      | -                          | -                       | 113,928          | (113,928)  | 69,049           |
| Other fire expense   | 294,135                    | 294,135                 | 393,100          | (98,965)   | 297,991          |
| Capital outlay   | 32,500                     | 32,500                  | 61,621           | (29,121)   | 337,075          |
| <b>Total Expenditures</b>                                    | <u>1,167,472</u>           | <u>1,167,472</u>        | <u>1,422,871</u> | <u>(255,399)</u>   | <u>1,486,606</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>(372,991)</u>           | <u>(372,991)</u>        | <u>(331,804)</u> | <u>41,187</u>  | <u>(589,134)</u> |
| <b>Other Financing Sources (Uses):</b>                       |                            |                         |                  |  |                  |
| Transfers in   | 340,491                    | 340,491                 | 344,802          | 4,311  | 323,497          |
| Capital contributions  | -                          | -                       | 1,500            | 1,500  | 315,000          |
| <b>Total Other Financing Sources</b>                         | <u>340,491</u>             | <u>340,491</u>          | <u>346,302</u>   | <u>5,811</u>   | <u>638,497</u>   |
| <b>Net Change in Fund Balances</b>                           | <u>(32,500)</u>            | <u>(32,500)</u>         | <u>14,498</u>    | <u>46,998</u>  | <u>49,363</u>    |
| <b>Fund Balances - Beginning</b>                             |                            |                         | <u>122,073</u>   |  | <u>72,710</u>    |
| <b>Fund Balances - Ending</b>                                |                            |                         | <u>136,571</u>   |  | <u>122,073</u>   |

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**Leadville Urban Renewal Authority**  
**For the Year Ended December 31, 2017**  
**(With Comparative Actual Amounts For the Year Ended 2016)**  
**(Continued)**

|                                    | <u>2017</u>                |                         |               | <b>Final<br/>Budget<br/>Variance<br/>Positive<br/>(Negative)</b> | <u>2016</u>   |
|------------------------------------|----------------------------|-------------------------|---------------|--|---------------|
|                                    | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> |  | <b>Actual</b> |
| <b>Revenues:</b>                   |                            |                         |               |  |               |
| Other income                       | -                          | 30,000                  | -             | (30,000)   | -             |
| <b>Total Revenues</b>              | -                          | 30,000                  | -             | (30,000)   | -             |
| General operating                  | -                          | 30,000                  | 44,795        | (14,795)   | -             |
| <b>Total Expenditures</b>          | -                          | 30,000                  | 44,795        | (14,795)   | -             |
| <b>Net Change in Fund Balances</b> | -                          | -                       | (44,795)      | (15,205)   | -             |
| <b>Fund Balances - Beginning</b>   |                            |                         | -             |  | -             |
| <b>Fund Balances - Ending</b>      |                            |                         | (44,795)      |  | -             |

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

**City of Leadville, Colorado**  
**Schedule of Employer's Proportionate Share of Net Pension (Asset) Liability**  
**Statewide Defined Benefit Plans**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

| Measurement period ending December 31,  | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|
| <b>Fire:</b>  |             |             |             |             |
| City's portion of the net pension (asset) liability - Fire  | 0.100487%   | 0.087152%   | 0.092478%   | 0.086585%   |
| City's proportionate share of the net pension (asset) liability - Fir   | 36,310      | (1,536)     | (82,692)    | (77,664)    |
| City's covered-employee payroll - Fire  | 514,275     | 422,838     | 422,838     | 415,875     |
| City's proportionate share of the net pension (asset) liability<br>as a percentage of its covered-employee payroll - Fire   | 7.06%       | -0.36%      | -19.56%     | -18.67%     |
| <b>Police:</b>  |             |             |             |             |
| City's portion of the net pension (asset) liability - Police  | 0.058365%   | 0.053234%   | 0.063008%   | 0.067286%   |
| City's proportionate share of the<br>net pension (asset) liability - Police   | 21,090      | (938)       | (56,341)    | (60,167)    |
| City's covered-employee payroll - Police  | 298,700     | 261,038     | 261,038     | 283,350     |
| City's proportionate share of the net pension (asset) liability<br>as a percentage of its covered-employee payroll - Police | 7.06%       | -0.36%      | -21.58%     | -21.23%     |
| Plan fiduciary net position as a percentage of the total<br>pension (asset) liability                                       | 98.21%      | 100.10%     | 106.80%     | 105.80%     |

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014 for the employer plan, and fiscal year 2015 for the volunteer plan.

**City of Leadville, Colorado**  
**Schedule of City's Contributions**  
**Statewide Defined Benefit Plans**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

| <b>Statewide Defined Benefit Plan:</b>                               | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
| <b>Fire:</b>   |             |             |             |
| Contractually required contribution                                  | 41,142      | 33,827      | 33,270      |
| Contributions in relation to the contractually required contribution | (41,142)    | (33,827)    | (33,270)    |
| Contribution deficiency (excess)                                     | <u>-</u>    | <u>-</u>    | <u>-</u>    |
| City's covered-employee payroll                                      | 514,275     | 422,838     | 415,875     |
| Contributions as a percentage of covered-employee payroll            | 8.00%       | 8.00%       | 8.00%       |
| <b>Police:</b>   |             |             |             |
| Contractually required contribution                                  | 23,896      | 20,833      | 22,668      |
| Contributions in relation to the contractually required contribution | (23,896)    | (20,833)    | (22,668)    |
| Contribution deficiency (excess)                                     | <u>-</u>    | <u>-</u>    | <u>-</u>    |
| City's covered-employee payroll                                      | 298,700     | 261,038     | 283,350     |
| Contributions as a percentage of covered-employee payroll            | 8.00%       | 8.00%       | 8.00%       |

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

**City of Leadville, Colorado**  
**Schedule of Changes in Net Pension (Asset) Liability**  
**Fire "Old Hire" Plan**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

| Measurement period ending December 31,  | <u>2016</u>           | <u>2015</u>           | <u>2014</u>           |
|---|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                       |
| Interest on the Total Pension Liability   | 19,263                | 18,558                | 19,216                |
| Difference between Expected and Actual Experience                                 | -                     | 7,112                 | -                     |
| Assumption Changes  | -                     | 11,711                | -                     |
| Benefit Payments  | (27,990)              | (27,990)              | (27,990)              |
| <b>Net Change in Total Pension Liability</b>                                      | <u>(8,727)</u>        | <u>9,391</u>          | <u>(8,774)</u>        |
| <br>  |                       |                       |                       |
| <b>Total Pension Liability - Beginning</b>  | <u>270,577</u>        | <u>261,186</u>        | <u>269,960</u>        |
| <b>Total Pension Liability - Ending (a)</b>                                       | <u><u>261,850</u></u> | <u><u>270,577</u></u> | <u><u>261,186</u></u> |
| <br>  |                       |                       |                       |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                       |
| Employer Contributions  | 9,793                 | 9,793                 | 8,461                 |
| Pension Plan Net Investment Income  | 7,024                 | 2,716                 | 10,756                |
| Benefit Payments  | (27,990)              | (27,990)              | (27,990)              |
| Pension Plan Administrative Expense   | (2,088)               | (581)                 | (5,881)               |
| <b>Net Change in Plan Fiduciary Net Position</b>                                  | <u>(13,261)</u>       | <u>(16,062)</u>       | <u>(14,654)</u>       |
| <br>  |                       |                       |                       |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <u>142,811</u>        | <u>158,873</u>        | <u>173,527</u>        |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <u><u>129,550</u></u> | <u><u>142,811</u></u> | <u><u>158,873</u></u> |
| <br>  |                       |                       |                       |
| <b>Net Pension (Asset) Liability - Ending (a) - (b)</b>                           | <u><u>132,300</u></u> | <u><u>127,766</u></u> | <u><u>102,313</u></u> |
| <br>  |                       |                       |                       |
| Plan Fiduciary Net Position as a Percentage<br>of Total Pension (Asset) Liability | 49.47%                | 52.78%                | 60.83%                |
| <br>  |                       |                       |                       |
| Covered Employee Payroll  | N/A                   | N/A                   | N/A                   |
| <br>  |                       |                       |                       |
| Net Pension (Asset) Liability as a Percentage<br>of Covered Employee Payroll      | N/A                   | N/A                   | N/A                   |

**City of Leadville, Colorado**  
**Schedule of City Contributions**  
**Fire "Old Hire" Plan**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

| <u>Agent - Fire "Old Hire" Plan:</u>                      | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     |
|---|-----------------|-----------------|-----------------|
| Actuarially determined contribution                       | 9,793           | 9,793           | 8,461           |
| Actual contribution                                       | <u>(9,793)</u>  | <u>(9,793)</u>  | <u>(8,461)</u>  |
| Contribution deficiency (excess)                          | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| City's covered-employee payroll                           | N/A             | N/A             | N/A             |
| Contributions as a percentage of covered-employee payroll | N/A             | N/A             | N/A             |

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

**City of Leadville, Colorado**  
**Notes to the Required Supplementary Information**  
**December 31, 2017**

**I. Schedule of Employer's Proportionate Share of the Net Pension (Asset) Liability – Statewide Defined Benefit Plans**

**A. Changes to assumptions or other inputs**

**1. 2016 Changes Since the January 1, 2015 Actuarial Valuation are as Follows:**

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**2. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:**

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms**

No changes during the years presented.

**II. Notes to the Schedule of City's Contributions – Statewide Defined Benefit Plans**

**A. Changes to assumptions or other inputs**

No changes during the years presented.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented.

**City of Leadville, Colorado**  
**Notes to the Required Supplementary Information**  
**December 31, 2017**

**III. Schedule of Changes in Net Pension Asset / Liability – Fire “Old Hire” Plan**

**A. Changes to assumptions**

**1. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:**

The inflation assumption was reduced from 3.0% to 2.5%.

Post-retirement mortality assumptions: 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 Annuitant. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Disabled (pre-1930) mortality assumptions: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented.

**IV. Schedule of City Contributions – Fire “Old Hire” Plan**

**A. Changes to assumptions**

**1. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:**

The asset method valuation approximates smoothing over a five-year period by recognizing 20% of the difference between the projected actuarial value and the market value at the valuation date. The remaining amortization period is 17 years.

Disabled (pre-1980) mortality assumptions: RP-2000 Disabled Mortality Table generationally projected with Scale AA.

**B. Changes of benefit terms**

No changes during the years presented.

**C. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented.

SUPPLEMENTARY INFORMATION



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

|  |  |
|--|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                                    | City or County:<br>City of Leadville                     |
|  | YEAR ENDING :<br>December 2017      December 2017        |
| This Information From The Records Of (example - City of _ or County of | Prepared By:<br>Phone: Roy D. McGinnis      719-486-5329 |

**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)                   | 22,633  |
| a. Motor Fuel (from Item I.A.5.)                            |         | 2. Maintenance:                                   | 401,814 |
| 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                              | 641,030 | b. Snow and ice removal                           | 267,876 |
| 3. Other local imposts (from page 2)                        | 189,540 | c. Other  |         |
| 4. Miscellaneous local receipts (from page 2)               | 13,920  | d. Total (a. through c.)                          | 267,876 |
| 5. Transfers from toll facilities                           |         | 4. General administration & miscellaneous         | 11,004  |
| 6. Proceeds of sale of bonds and notes:                     |         | 5. Highway law enforcement and safety             | 280,237 |
| a. Bonds - Original Issues                                  |         | 6. Total (1 through 5)                            | 983,564 |
| b. Bonds - Refunding Issues                                 |         | <b>B. Debt service on local obligations:</b>      |         |
| c. Notes  |         | 1. Bonds:   |         |
| d. Total (a. + b. + c.)                                     | 0       | a. Interest                                       |         |
| 7. Total (1 through 6)                                      | 844,490 | b. Redemption                                     |         |
| <b>B. Private Contributions</b>                             |         | c. Total (a. + b.)                                | 0       |
| <b>C. Receipts from State government</b><br>(from page 2)   | 139,074 | 2. Notes:   |         |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 0       | a. Interest                                       |         |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 983,564 | b. Redemption                                     |         |
|   |         | c. Total (a. + b.)                                | 0       |
|   |         | 3. Total (1.c + 2.c)                              | 0       |
|   |         | <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> | 983,564 |

**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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 983,564           | 983,564                |                   | 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                 |  |
| b. Other local imposts:   |                           | b. Traffic Fines & Penalties               | 13,920                                   |
| 1. Sales Taxes  | 167,623                   | c. Parking Garage Fees                     |  |
| 2. Infrastructure & Impact Fees                                 |                           | d. Parking Meter Fees                      |  |
| 3. Liens  |                           | e. Sale of Surplus Property                |  |
| 4. Licenses   |                           | f. Charges for Services                    |  |
| 5. Specific Ownership &/or Other                                | 21,917                    | g. Other Misc. Receipts                    |  |
| 6. Total (1. through 5.)  | 189,540                   | h. Other                                   |  |
| c. Total (a. + b.)  | 189,540                   | i. Total (a. through h.)                   | 13,920                                   |
|   | (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   | 116,610                   | 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                                  | 14,305                    | d. Federal Transit Admin                   |  |
| d. Other (Specify) - State Highway M                            | 8,160                     | e. U.S. Corps of Engineers                 |  |
| e. Other (Specify)  |                           | f. Other Federal                           |  |
| f. Total (a. through e.)  | 22,465                    | g. Total (a. through f.)                   | 0  |
| 4. Total (1. + 2. + 3.f)  | 139,074                   | 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  |
| c. Construction:  |                           |  |  |
| (1). New Facilities   |                           |  | 0  |
| (2). Capacity Improvements                                      |                           | 22,633                                     | 22,633                                   |
| (3). System Preservation  |                           |  | 0  |
| (4). System Enhancement & Operation                             |                           |  | 0  |
| (5). Total Construction (1) + (2) + (3) + (4)                   |                           | 0  | 22,633                                   |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)             |                           | 0  | 22,633                                   |
|   |                           |  | (Carry forward to page 1)                |
| <b>Notes and Comments:</b>                                      |                           |  |  |