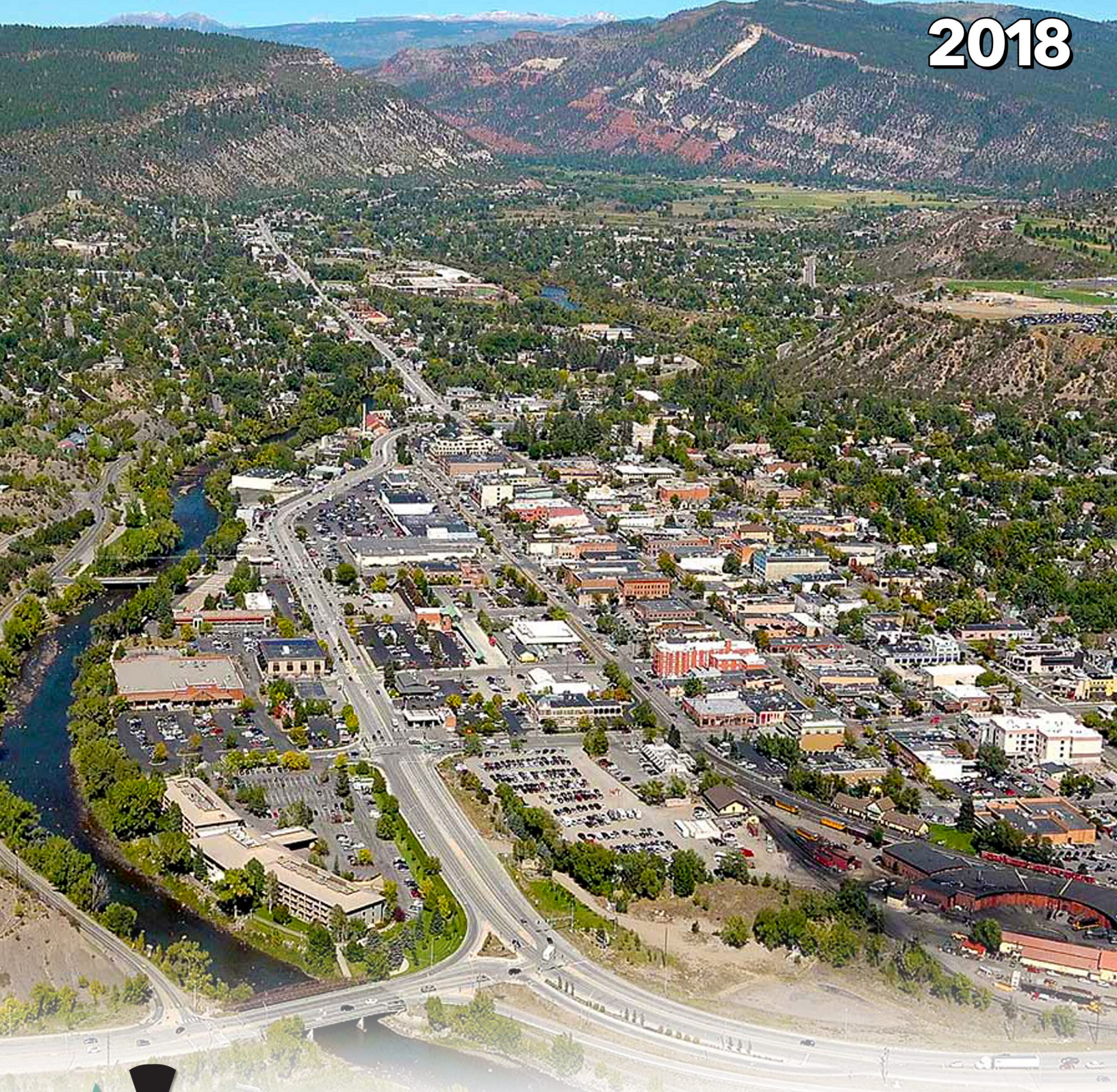


THE CITY OF

DURANGO, COLORADO

2018



Comprehensive Annual Financial Report
for the year ending December 31, 2018

CITY OF DURANGO, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

Prepared by the Finance Department
Julie Brown, Finance Director



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CITY OF DURANGO, COLORADO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2018

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(Unaudited)**

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INTRODUCTORY SECTION



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June 17, 2019

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

The Charter of the City of Durango and State law require local governments to publish the results of its annual audit and a comprehensive report of financial statements. The report is to conform to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of Durango, Colorado for the fiscal year ended December 31, 2018.

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

The City of Durango's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2018, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the City of Durango for fiscal year 2018 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Durango

The City of Durango, incorporated in 1881, is located in southwest Colorado in the area known as the Four Corners, where the states of Colorado, Arizona, Utah and New Mexico converge. As the county seat for La Plata County, Durango is a regional hub for commerce. It is also home to Fort Lewis College, a four-year state college with

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 88 as part of the Required Supplementary Information. For all other budgeted funds, these comparisons are presented in the Supplementary Information subsection, which starts on page 91.

Factors Affecting Financial Condition

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

Local economy: Financially, fiscal 2018 showed increases over previous years. However local tourism suffered during 2018 due to extreme natural events including the 416 fire that began on June 1st lasting over a month and severe drought conditions. Lodgers' tax, which is one of the economic indicators for tourism strength, decreased 4.3% in 2018 under 2017, in comparison to the 2.8% increase in 2017 over 2016. Riders on the Durango & Silverton Narrow Gauge Railroad showed a large decrease of approximately 35% between 2018 and 2017. Total passenger traffic at the Durango La Plata County Airport saw a slight increase of approximately 1.5% in 2018 over the prior year. Mesa Verde visitors showed a decrease of over 8% in 2018 under 2017 due to the 416 Fire.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years since the downturn in 2009. 2017 sales tax revenues were up 1.4% from 2016 while 2018 revenues were up 1.9% over 2017. Sales tax continues to improve, and a moderate forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new Ross opened at the Durango Mall in 2017 after a new TJ Maxx had opened there in 2012, and a new Tractor Supply and Sally's Beauty Supply opened in 2013. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: Best Fall Hiking Trails by *Insider.com* (2018), 50 of the Best US Ski Resorts by *Business Insider* (2018), Best Mountain Bike Destinations in Colorado by *The Travel Channel* (2018), 10 Best Family-Friendly Road Trip in the US by *Wise Bread* (2018), 14 Coolest Town for your Summer Vacation by *Forbes* (2018), Top US Wonders to Visit this Spring by *USA Today* (2018), and The World's Best Bars for Bookworms by *Tasting Table* (2018).

City building activity continued to be strong in 2018 compared to years prior to 2017. Although the number of residential units decreased, the total number of permits issued in 2018 (571) surpassed the 2017 total. The amount of residential remodels or additions in 2018 remained consistent with 2017, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction saw a slight decrease compared to 2017 but it was still higher than the years between 2009 and 2016.

City sales tax collections for 2018 showed an increase of 1.9% over 2017 collections. Through April 2019, city sales tax collections are showing an increase of 1.6% over 2018. Locally in 2018 we saw increases in growth and employment. Real estate values have increased slightly and housing prices remain a problem for low to moderate income families. The median price of a single-family home in Durango increased 8% over the previous year. The average sales price of a single family home in Durango for 2018 increased 6% over 2017.

According to the Office of State Planning and Budgeting, most indicators suggest Colorado and the nation are both expected to see ongoing economic expansion but at a moderating pace. Per capita personal income and average annual pay remain above the national average, as a tighter labor market puts upward pressure on wages. Current recession risk has increased as concerns of slower global growth and the ongoing trade dispute cause increased caution among investors. Local conditions around the State remain mixed as some areas have been hit harder than others. Colorado's agriculture sector continues to weather weak commodity prices. Colorado oil production remains at record levels despite a drop-in prices. Higher Colorado labor force participation rates have supported continued job growth despite a tighter labor market. Colorado's unemployment rate has risen slightly as more workers enter the labor force ending the year at 3%. U.S. and Colorado housing markets have slowed in recent months, but new construction and price growth are expected to continue. Historically, the Colorado economy has tended to lag the national economy, so any serious downturn in the national condition eventually works its way to Colorado. Weakness and uncertainty at the national level have fed into economic indicators in Colorado, but a strong energy sector and reasonable housing fundamentals should ensure that the state remains insulated from the worst of the impacts to the rest of the country.

Long-term financial planning: The City budget includes a five-year capital improvement program. Over the next five years, it is anticipated that the City will initiate or complete projects in excess of \$165,550,274. On an annual basis the City sets its priorities and designates sources of funding for those projects for the next five years. Because the program is reviewed annually in conjunction with the budget, it is very dynamic and flexible. Infrastructure needs continue to be a top priority. Major street improvements, water mains, water treatment plant construction, wastewater treatment plant upgrades, and storm drainage improvements are all scheduled over the next five years. Major public works projects scheduled for 2019 include \$10.8 million in water and sewer projects. Over \$6.6 million dollars will be spent in 2019 on park and recreation projects. Streets and associated improvements remain a

priority over the next five years. Major improvements to Main Avenue and Second Avenue are all programmed. Traffic congestion as the county's population grows remains an issue that must be addressed. The City was fortunate to receive voter approval at the April 2005 municipal election to increase City sales and use taxes by an additional one-half percent. The proceeds of the new tax are restricted with 50% of the revenue allocated to parks, open space, and trails and 50% to capital improvements. In April 2019 municipal election the City was fortunate to receive voter approval to increase City sales and use taxes by an additional one-half percent. The proceeds of the new tax are restricted to street infrastructure and operations. The tax will begin being collected on July 1, 2019 and will sunset on June 30, 2029.

Debt Management: The ratio of net general bonded debt to assessed valuation and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. The City does not have any general obligation debt outstanding. At December 31, 2018 the City had \$18,670,000 of sales and use tax revenue bonds, series 2016, series 2009, and series 2017, outstanding. All required debt covenants are currently being met. In addition, an additional \$4,000,000 was borrowed to secure water rights and water storage for many years to come. There was \$3,097,373 outstanding at December 31, 2018 and this loan is being repaid by the Water Fund. Certificates of participation were issued in the amount of \$2,700,000 in 2014 for the construction of Wilson Gulch Road in Three Springs development. This road will provide the impetus for future commercial development in the area. There was \$2,295,000 outstanding at December 31, 2018. In 2016, the City borrowed \$62,200,000 to construct a new water reclamation facility to replace the old outdated wastewater treatment plant. This loan is being repaid by the Sewer Fund. At December 31, 2018 \$56,238,232 was outstanding.

Major Initiatives: The City continues to work toward financial sustainability. In 2018 as well as in the 2019 budget major initiatives are set forth to take the city into the future. Infrastructure maintenance and building up fund balance in all funds continues to be a top priority. Recognizing the value of our employees continues to be an important aspect of our budget as well as customer service and citizen engagement. As we strive to achieve these goals and initiatives, we continue to meet all financial goals and objectives.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Durango for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the thirty-fifth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

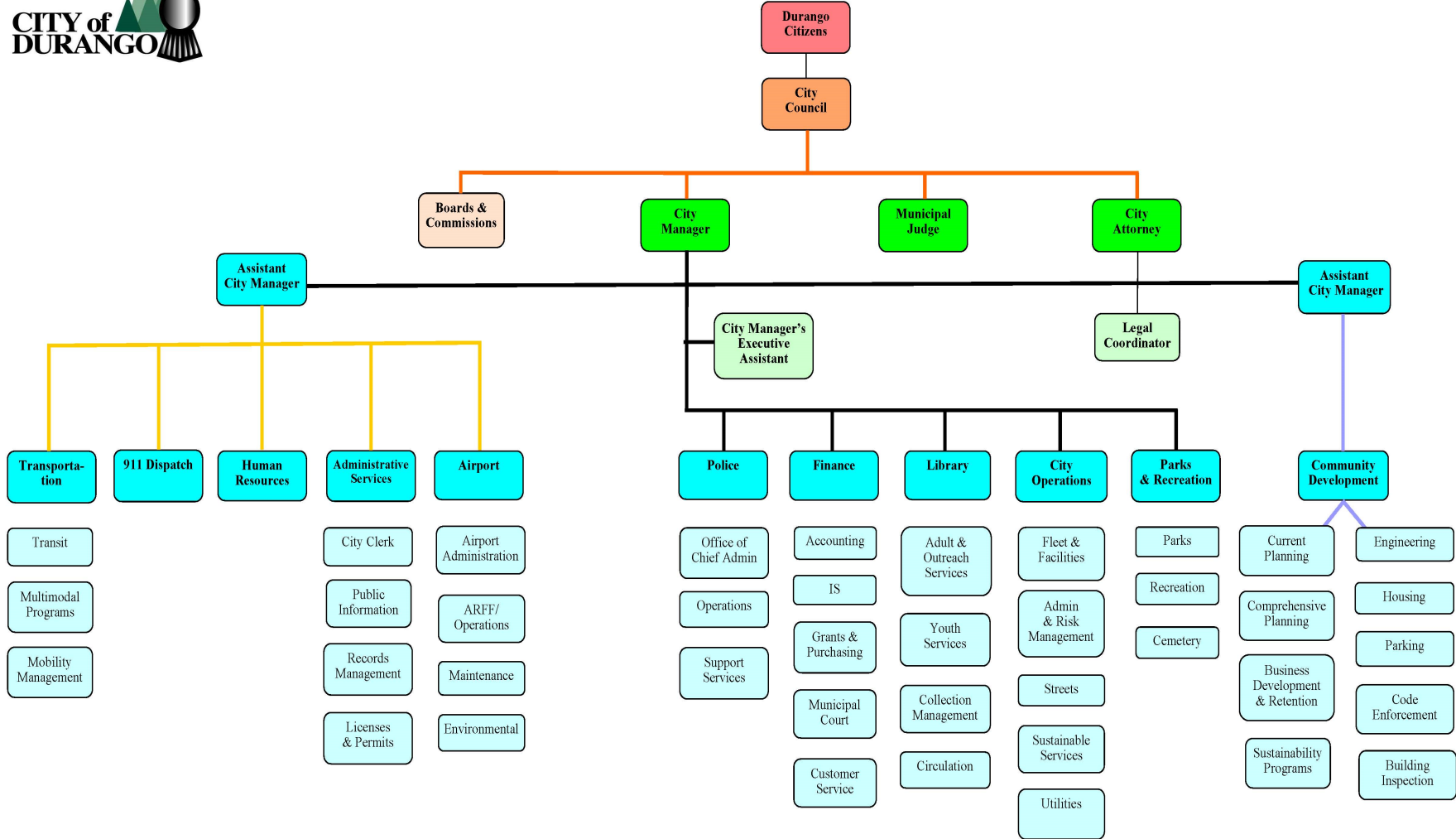
The preparation and completion of this report on a timely basis could not have been accomplished without the dedication and efficiency of the entire staff of the Finance Department. This report is, indeed, a tribute to our accounting and data processing staff who worked long and hard in preparing the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

Respectfully submitted,


Ronald P. LeBlanc
City Manager


Julie L. Brown
Finance Director

Organization Chart for the City of Durango 3/2018



Updated 5/10/18 by AKB



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Durango
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

City of Durango, Colorado
List of Elected and Appointed Officials

Elected Officials: City Council

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

Council Appointed Officials

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

Department Directors

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



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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Honorable Mayor and Members of the City Council
City of Durango

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Durango's basic financial statements for the year ended December 31, 2017, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durango, Colorado's basic financial statements as a whole. The comparative statements and schedules presented as supplementary information as listed in the table of contents contain information for the year ended December 31, 2017 and are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 information contained in those statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration of the City of Durango's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Durango's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Durango's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
June 12, 2019



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Durango, Colorado (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$317,556,044 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$251,016,758 include property, plant, and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$4,197,716 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$62,341,570 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$18,380,155 this year. This compares to the prior year ending fund balance of \$17,608,828 showing an increase of \$771,327 during the current year.
- At the end of the current fiscal year, unassigned and assigned fund balance for the General Fund was \$5,672,534, or 15% of total General Fund expenditures and other financing uses.
- Overall, the City continues to maintain a strong financial position.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information is on page 85 of this report.

Supplementary Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds can be found in the supplementary section of this report beginning on page 91.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources at fiscal year-end exceeded liabilities and deferred inflows of resources by \$317,556,044. The following table provides a summary of the City's net position:

	Statement of Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 50,473,176	\$ 46,243,007	\$ 51,819,772	\$ 77,131,477	\$ 102,292,948	\$ 123,374,484
Capital assets	193,100,996	192,635,502	122,101,672	88,137,058	315,202,668	280,772,560
Total assets	243,574,172	238,878,509	173,921,444	165,268,535	417,495,616	404,147,044
Deferred outflows of resources						
Loss on refunding	365,388	401,927	-	-	365,388	401,927
Change in investment earnings	-	157,477	-	-	-	157,477
Pension contributions subsequent to measurement date	249,148	249,148	-	-	249,148	249,148
Total Deferred Outflow of Resources	614,536	808,552	-	-	614,536	808,552
Liabilities:						
Other liabilities	3,542,525	3,292,816	8,400,470	5,657,238	11,942,995	8,950,054
Long-term liabilities	25,104,250	28,340,264	60,767,089	63,432,129	85,871,339	91,772,393
Total liabilities	28,646,775	31,633,080	69,167,559	69,089,367	97,814,334	100,722,447
Deferred inflows of resources						
Property taxes	2,720,674	1,349,839	-	-	2,720,674	1,349,839
Change in investment earnings	19,100	-	-	-	19,100	-
Total deferred inflows of resources	2,739,774	1,349,839	-	-	2,739,774	1,349,839
Net position:						
Net investments in capital assets	171,770,608	168,087,849	79,246,150	72,528,998	251,016,758	240,616,847
Restricted	4,197,716	3,027,602	-	-	4,197,716	3,027,602
Unrestricted	36,833,835	35,588,691	25,507,735	23,650,170	62,341,570	59,238,861
Total net position	\$ 212,802,159	\$ 206,704,142	\$ 104,753,885	\$ 96,179,168	\$ 317,556,044	\$ 302,883,310

By far the largest portion of the City's net position (79.1%) reflects its investment in capital assets, including infrastructure, less any related debt used to acquire those assets that is still outstanding. The City of Durango uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Durango's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to pay the annual debt service must be provided from other sources, since the capital assets themselves cannot be used to pay the debt.

At the end of the current fiscal year, the City of Durango is able to report positive balances in the government as a whole, as well as for both its governmental activities and business-type activities. Governmental activities showed positive growth. Net position increased \$6,098,017 for governmental activities. The City's overall financial position improved during fiscal year 2018.

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

Summary of Changes In Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services	\$ 8,111,926	\$ 5,000,549	\$ 20,251,089	\$ 19,022,087	\$ 28,363,015	\$ 24,022,636
Joint venture- airport	1,145,902	-	-	-	1,145,902	-
Operating grants	783,635	1,904,987	1,082,586	1,005,912	1,866,221	2,910,899
Capital grants	3,812,042	5,288,510	2,265,850	6,185,080	6,077,892	11,473,590
General:						
Taxes	38,577,012	36,893,549	-	-	38,577,012	36,893,549
Other	1,757,677	2,113,689	772,411	469,064	2,530,088	2,582,753
Total revenues	54,188,194	51,201,284	24,371,936	26,682,143	78,560,130	77,883,427
Program Expenses:						
General government	9,889,447	8,855,109	-	-	9,889,447	8,855,109
Public safety	14,551,095	12,335,341	-	-	14,551,095	12,335,341
Public works	8,258,321	4,748,322	-	-	8,258,321	4,748,322
Parks and recreation	10,306,478	13,907,700	-	-	10,306,478	13,907,700
Library	2,275,892	2,198,153	-	-	2,275,892	2,198,153
Community services	1,168,207	1,323,105	-	-	1,168,207	1,323,105
Economic development	724,246	706,821	-	-	724,246	706,821
Interest	666,491	794,934	-	-	666,491	794,934
Joint venture airport	-	300,236	-	-	-	300,236
Water	-	-	4,742,452	5,539,135	4,742,452	5,539,135
Sewer	-	-	5,107,230	5,207,201	5,107,230	5,207,201
Sustainable services	-	-	2,838,228	2,566,943	2,838,228	2,566,943
Transit	-	-	3,359,309	3,769,823	3,359,309	3,769,823
Total expenses	47,840,177	45,169,721	16,047,219	17,083,102	63,887,396	62,252,823
Excess (deficiency)	6,348,017	6,031,563	8,324,717	9,599,041	14,672,734	15,630,604
Transfers	(250,000)	(191,011)	250,000	191,011	-	-
Change in net position	6,098,017	5,840,552	8,574,717	9,790,052	14,672,734	15,630,604
Beginning net position	206,704,142	201,780,382	96,179,168	86,389,116	302,883,310	287,252,706
Ending net position	\$ 212,802,159	\$ 206,704,142	\$ 104,753,885	\$ 96,179,168	\$ 317,556,044	\$ 302,883,310

GOVERNMENTAL REVENUES

The City is heavily reliant on sales and use taxes to support governmental operations. City tax revenues account for 71.2% of the revenues for governmental activities. The City increased the sales and use tax rate from 2.5% to 3.0%, effective July 1, 2005. The increased revenue from the additional tax is restricted by voter authorization. Because of the City's healthy

financial position, we have been able to earn \$276,091 in interest earnings to support governmental activities. Program revenues covered 29% of governmental operating expenses in 2018. This means that the government's taxpayers and the City's other general revenues funded the balance of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams. Program revenues for fiscal 2017 covered 27% of governmental operating expenses.

GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety comprises 22.8% of the City's total expenses and 30% of the total governmental expenses. Parks and recreation make up 16.1% of the total expenses and 22% of the total governmental expenses. General government and public works are 21% and 17% of total governmental expenses. The overall increase in governmental expenses was 5.9% over the prior fiscal year.

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

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 9,889,447	21%	\$ 6,367,419	18%
Public safety	14,551,095	30%	12,850,652	37%
Public works	8,258,321	17%	5,527,508	16%
Parks and recreation	10,306,478	22%	5,577,976	16%
Library	2,275,892	5%	2,250,075	6%
Community services	1,168,207	2%	1,168,207	3%
Economic development	724,246	2%	724,246	2%
Interest on long-term debt	666,491	1%	666,491	2%
Total	\$ 47,840,177	100%	\$ 35,132,574	100%

As indicated, public safety consists of approximately 30% of the gross costs of the governmental activities and 37% of the net costs. The parks and recreation function has the best cost recovery. Recreation center fees and recreation program revenues are set to recover approximately 90% of the expenses for the center and recreation programs. The City received more in the form of contributions and capital grants and less in the form of operating in 2018. While these program revenues can vary in any given year, the corresponding acquisition of assets does not appear as a program expense. For that reason, program revenues can fluctuate dramatically from year to year depending on the amount of capital grants and contributions received. For the most part, increases in expenses reflect inflationary pressures on supplies and purchased services rather than increases in programs or services provided by the City.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$8,574,717. Key elements of business-type activities net position are as follows:

The operating revenues for all of the enterprise funds were 2.9% greater than 2017 and operating expenses were 7.4% less than 2017. Within the total business type activities of the City, these activities reported an operating income of \$4,794,539 compared to an operating income of \$3,021,950 for the prior year. Non-operating revenue increased by \$666,081 from 2017. Capital contributions for 2018 were \$2,090,983. Capital contributions include developer contributions of capital assets, capital grants, and plant investment fees.

The water utility accounts for approximately 35.4% of operating revenues and 31.3% of operating expenses. This utility reported a net increase in net position of \$4,441,573. The water utility had an operating income of \$2,321,703 and capital contributions of approximately \$1,864,192.

The sewer fund continues to focus on infrastructure replacement and repair. Net operating income for 2018 was \$3,649,853 in comparison to \$3,267,198 in 2017.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$18,380,155. Of this year-end total, \$13,726,552 is restricted, committed or assigned fund balance, \$2,793,776 of that amount in the general fund with the remainder of \$10,932,776 million in the capital projects funds and other governmental funds.

The total ending fund balances of governmental funds show an increase of \$752,986 over the prior year. This increase is primarily the result of the events and programs in the General Fund. The General Fund fund balance increased \$960,289. The Capital Projects Fund fund balance had a decrease of approximately \$1.4 million due to capital projects funding.

Major Governmental Funds

The General Fund:

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$960,289. In fiscal year 2017, the fund balance decreased by \$81,500.

Total revenues for 2018 were \$38,146,546 an increase of \$1,904,358 or 5.2% over 2017. City sales taxes increased by \$439,400 or 1.9% over that recognized in 2017. City use taxes decreased 9.3% (\$179,521) under collections in 2017. Use tax collections can be volatile in the current economic environment. The construction industry has begun to recover compared to previous years. The remaining revenue sources were comparable with the prior year.

Expenditures for 2018 were \$37,935,231 an increase of 8.7% over fiscal 2017. Public safety expenditures increased compared to the previous year with an increase in expenditures of approximately 17.9% overall. This function includes police services, the communication center and the city's contract for fire and rescue services. The increased mill levy for the fire and emergency medical services contract with Durango Fire Protection District is the largest increase.

Public works expenditures increased 0.5% over actual for 2017. Maintenance costs for materials, snow removals from major snowstorms and increases in fuel and utility charges for street lighting had a major impact on public works expenditures this year although other expenditures were kept in line.

Parks and Recreation expenditures increased at a rate of 9.0% over last year. The addition of Lake Nighthorse operations had the largest impact on this increase. In 2018, the City parks and recreation department adopted a lofty goal of achieving a 90% cost recovery for all recreation programs as well as at the recreation center. The City continues to move forward with many sustainable policies and actions to ensure energy savings.

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

The general fund was budgeted to transfer \$597,000 to the Capital Projects Fund but this was put on hold due to the 416 Fire. As a result, there were no new funds for capital infrastructure projects in 2018. The City traditionally transfers between \$1,000,000 to \$2,000,000 annually for capital projects but this has dwindled in recent years as the fund balance level has not supported these projects. This amount fluctuates based on available resources in any given year and staff's ability to administer additional projects. Capital projects, once the City Council authorizes them, carry forward until completion.

The Capital Projects Fund

The capital projects fund at December 31, 2018 had authorized projects either completed or underway in excess of \$17 million dollars. In addition to transfers in from the general fund and other special revenue funds, the capital projects fund received intergovernmental revenues of approximately \$598,062 for the year 2018.

The Capital Improvements Fund

The capital improvements fund received sales and use tax revenues of approximately \$2.1 million in 2018. Debt service on two large projects, the library and Florida Road construction, is paid from these revenues.

The Parks, Open Space & Trails Fund

The parks, open space & trails fund at December 31, 2018 had authorized projects underway in excess of just over \$2.6 million dollars. This fund received sales and use tax revenues of approximately \$2.1 million.

The Proprietary Funds

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

Budgetary Highlights

The General Fund – Budget amendments increased the original revenue budget by 1.8% during 2018. Revenue budget amendments were made for grants received and appropriated during 2018. Sales taxes were below budget projections by \$291,122 due to the effects of the 416 Fire and slow summer tourist season. Use taxes saw a shortfall in the amount of \$125,600. All categories combined for a 5.1% unfavorable variance under the final 2018 budget.

Investment earnings were slightly lower than budget because of lower than anticipated interest rates on securities that the City purchased for its portfolio. The City generally holds investments until maturity and is in the market monthly. The average rate of return has been increasing slowly as rates increase and as the City reinvests matured securities in higher interest rate securities. As interest rates continue to creep up 2019 investment earnings should see an increase.

Budget amendments increased the original expenditure budget by 3.7% during 2018. Total amendments to the expenditures budget were \$1,461,097.

The final general fund budget for expenditures had a favorable variance of \$3.5 million. City departments traditionally spend less than the approved budget by approximately 5-8% annually and that trend has continued for calendar year 2018.

Capital Assets and Debt Administration

Capital Assets

The City's net investments in capital assets, for governmental and business-type activities as of December 31, 2018, was \$171,770,608 and \$79,246,150 respectively. The net capital assets for the internal service funds are reported with the governmental activities on the statement of net position. The total increase in the net investment was 2.2% for governmental activities and a 9.3% increase for business-type activities. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 29,987,277	\$ 29,987,277	\$ 5,020,953	\$ 5,007,012	\$ 35,008,230	\$ 34,994,289
Water rights	-	-	5,852,732	5,852,732	5,852,732	5,852,732
Consturction in progress	6,144,682	9,158,364	55,320,653	19,623,773	61,465,335	28,782,137
Total non-depreciable	36,131,959	39,145,641	66,194,338	30,483,517	102,326,297	69,629,158
Depreciable assets:						
Buildings	46,550,168	46,350,168	21,805,423	21,805,423	68,355,591	68,155,591
Improvements	1,101,610	1,101,610	-	-	1,101,610	1,101,610
Equipment	24,393,607	23,024,706	8,179,271	8,176,496	32,572,878	31,201,202
Infrastructure	233,471,629	223,211,766	69,226,430	68,531,876	302,698,059	291,743,642
Total depreciable assets	305,517,014	293,688,250	99,211,124	98,513,795	404,728,138	392,202,045
Less accumulated depreciation	148,547,977	140,198,389	43,303,792	40,860,256	191,851,769	181,058,645
Book value-depreciable assets	156,969,037	153,489,861	55,907,334	57,653,541	212,876,371	211,143,402
Percentage depreciated	49%	48%	44%	41%	47%	45%
Total book value	\$ 193,100,996	\$ 192,635,502	\$ 122,101,670	\$ 88,137,058	\$ 315,202,668	\$ 280,772,560

At December 31, 2018, the depreciable capital assets for governmental activities were 49% depreciated. This is comparable to the December 31, 2017 percentage of 48%. This comparison indicates that the City is replacing its assets at a comparable rate as they are depreciating which is a positive indicator.

With the City's business type activities, 44% of the depreciable capital assets were depreciated at December 31, 2018 compared to 41% at December 31, 2017.

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

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$18,670,000 in sales and use tax revenue bonds. This debt is being retired with sales and use taxes from an authorized 1999 tax (reauthorized in 2015) increase of one-half percent dedicated to the financing and construction of the recreation center and the completion of the Animas River Trail and sales and use taxes from an authorized 2005 tax increase of one quarter percent dedicated to capital improvements. \$1,135,000 was retired during the year in bonds series 2008, or 10.8 % of the beginning outstanding bonded debt balance. This was the final payment on these bonds. The City also retired \$830,000 in bonds series 2009. The 2016 Sales and Use Tax Refunding Note retired \$1,000,000 in 2018. In 2013, the City obtained a long-term loan from Colorado Water Resources and Power Development Authority in the amount of \$4,000,000 to purchase water storage and rights for the Water Fund. The term of the loan is 20 years with an interest rate of 1.95%. The city retired principal in the amount of \$183,183 in 2018. The City issued Certificates of Participation in the amount of \$2,700,000 in 2014 to fund construction costs of Wilson Gulch Road, a main road in the Three Springs area that will provide economic activity. The City retired principal in the amount of \$105,000 in 2018. The City received two loans from the Colorado Water Resources and Power Development Authority in 2016 in the amount of \$62,200,000 to fund the construction of the Wastewater Treatment Plant facility. \$2,382,147 was retired on the Sewer loans in 2018. See Note 3-H for additional information on the City's long-term debt.

	Outstanding Borrowings					
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Sales & use tax revenue bonds 2008	\$ -	\$ 1,135,000	\$ -	\$ -	\$ -	\$ 1,135,000
Sales & use tax revenue bonds 2009	860,000	1,690,000	-	-	860,000	1,690,000
Certificates of Participation 2014	2,295,000	2,400,000	-	-	2,295,000	2,400,000
Sales & use revenue refunding note 2016	7,600,000	8,600,000	-	-	7,600,000	8,600,000
Sales & use revenue refunding note 2017	10,210,000	10,310,000	-	-	10,210,000	10,310,000
Bond premium amortization	-	10,726	-	-	-	10,726
Compensated absences	1,528,614	1,447,752	253,998	294,834	1,782,612	1,742,586
CWRPDA Water Loan 2013	-	-	3,097,373	3,280,556	3,097,373	3,280,556
CWRPDA Sewer Loan 2016	-	-	53,925,732	56,182,879	53,925,732	56,182,879
CWRPDA 0% Sewer Loan 2016	-	-	2,312,500	2,437,500	2,312,500	2,437,500
Loan premium amortization	-	-	1,177,486	1,236,360	1,177,486	1,236,360
Total	\$ 22,493,614	\$ 25,593,478	\$ 60,767,089	\$ 63,432,129	\$ 83,260,703	\$ 89,025,607

Economic Conditions and Next Year's Budget

Financially, fiscal 2018 showed increases over previous years. However local tourism suffered during 2018 due to extreme natural events including the 416 fire that began on June 1st lasting over a month and severe drought conditions. Lodgers' tax, which is one of the economic indicators for tourism strength, decreased 4.3% in 2018 over 2017, in comparison to the 2.8% increase in 2017 over 2016. Riders on the Durango & Silverton Narrow Gauge Railroad showed a large decrease of approximately 35% between 2018 and 2017. Total passenger traffic at the Durango La Plata County Airport saw a slight increase of approximately 1.5% in 2018 over the prior year.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years since the downturn in 2009. 2017 sales tax revenues were up 1.4% from 2016 while 2018 revenues were up 1.9% over 2017. Sales tax continues to improve, and a moderate forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new Ross opened at the Durango Mall in 2017 after a new TJ Maxx had opened there in 2012, and a new Tractor Supply and Sally's Beauty Supply opened in 2013. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: Best Fall Hiking Trails by *Insider.com* (2018), 50 of the Best US Ski Resorts by *Business Insider* (2018), Best Mountain Bike Destinations in Colorado by *The Travel Channel* (2018), 10 Best Family-Friendly Road Trip in the US by *Wise Bread* (2018), 14 Coolest Town for your Summer Vacation by *Forbes* (2018), Top US Wonders to Visit this Spring by *USA Today* (2018), and The World's Best Bars for Bookworms by *Tasting Table* (2018).

City building activity continued to be strong in 2018 compared to years prior to 2017. Although the number of residential units decreased, the total number of permits issued in 2018 (571) surpassed the 2017 total. The amount of residential remodels or additions in 2018 remained consistent with 2017, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction saw a slight decrease compared to 2017 but it was still higher than the years between 2009 and 2016.

December 31, 2018

City sales tax collections for 2018 showed an increase of 1.9% over 2017 collections. Through April 2019, city sales tax collections are showing an increase of 1.6% over 2018. Locally in 2018 we saw increases in growth and employment. Real

estate values have increased slightly, and housing prices remain a problem for low to moderate income families. The median price of a single-family home in Durango increased 8% over the previous year. The average sales price of a single-family home in Durango for 2018 increased 6% over 2017.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

City of Durango, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and investments (Note 3-A)	\$ 20,986,065	\$ 30,512,380	\$ 51,498,445	\$ 237,206
Receivables:				
Accounts	1,854,133	7,109,673	8,963,806	-
Sales taxes	2,648,007	-	2,648,007	-
Property taxes	2,720,674	-	2,720,674	251,675
Franchise taxes	75,390	-	75,390	-
Lodgers taxes	65,532	-	65,532	-
Special assessments	5,550	-	5,550	-
Interest	170,403	-	170,403	-
Notes	-	14,067,325	14,067,325	-
Inventory	374,658	126,394	501,052	-
Prepaid items	18,480	4,000	22,480	500
Investment in joint venture	21,554,284	-	21,554,284	-
Capital Assets (Note 3-D)				
Nondepreciable capital assets	36,131,959	66,194,340	102,326,299	-
Depreciable capital assets, net	156,969,037	55,907,332	212,876,369	4,612
Total Assets	<u>243,574,172</u>	<u>173,921,444</u>	<u>417,495,616</u>	<u>493,993</u>
Deferred Outflows of Resources				
Loss on refunding	365,388	-	365,388	-
Pension contributions subsequent to measurement date	249,148	-	249,148	-
Total Deferred Outflows of Resources	<u>614,536</u>	<u>-</u>	<u>614,536</u>	<u>-</u>
Liabilities				
Accounts payable	1,872,366	7,842,707	9,715,073	545
Accrued expenses	640,992	154,893	795,885	-
Accrued interest payable	75,361	402,870	478,231	-
Deposits payable	781,712	-	781,712	-
Unearned revenue	172,094	-	172,094	-
Long-Term Liabilities: (Note 3-H)				
Net pension liability	2,610,636	-	2,610,636	-
Due within one year	2,869,307	2,802,936	5,672,243	-
Due in more than one year	19,624,307	57,964,153	77,588,460	-
Total Liabilities	<u>28,646,775</u>	<u>69,167,559</u>	<u>97,814,334</u>	<u>545</u>
Deferred Inflows of Resources				
Property taxes	2,720,674	-	2,720,674	251,675
Change in investment earnings	19,100	-	19,100	-
Total Deferred Inflows of Resources	<u>2,739,774</u>	<u>-</u>	<u>2,739,774</u>	<u>251,675</u>
Net Position				
Net investment in capital assets (Note 3-J)	171,770,608	79,246,150	251,016,758	-
Restricted for:				
Capital projects	2,385,690	-	2,385,690	-
Debt service	342,776	-	342,776	-
Emergencies	1,469,250	-	1,469,250	-
Unrestricted	36,833,835	25,507,735	62,341,570	241,773
Total Net Position	<u>\$ 212,802,159</u>	<u>\$ 104,753,885</u>	<u>\$ 317,556,044</u>	<u>\$ 241,773</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Activities
For the Year Ended December 31, 2018

Function/Program	Program Revenues				Net Expense (Revenue) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	\$ 9,889,447	\$ 3,228,028	\$ 294,000	\$ -	\$ (6,367,419)	\$ -	\$ (6,367,419)	\$ -
Public safety	14,551,095	1,210,808	489,635	-	(12,850,652)	-	(12,850,652)	-
Public works	8,258,321	1,500	-	2,729,313	(5,527,508)	-	(5,527,508)	-
Parks and recreation	10,306,478	3,645,773	-	1,082,729	(5,577,976)	-	(5,577,976)	-
Library	2,275,892	25,817	-	-	(2,250,075)	-	(2,250,075)	-
Community services	1,168,207	-	-	-	(1,168,207)	-	(1,168,207)	-
Economic development	724,246	-	-	-	(724,246)	-	(724,246)	-
Interest	666,491	-	-	-	(666,491)	-	(666,491)	-
Joint venture airport	-	1,145,902	-	-	1,145,902	-	1,145,902	-
Total Governmental Activities	47,840,177	9,257,828	783,635	3,812,042	(33,986,672)	-	(33,986,672)	-
Business-type Activities:								
Water utility	4,742,452	7,736,203	4,815	1,148,083	-	4,146,649	4,146,649	-
Sewer utility	5,107,230	7,834,816	-	1,117,767	-	3,845,353	3,845,353	-
Sustainable services	2,838,228	2,714,050	54,290	-	-	(69,888)	(69,888)	-
Transportation Services	3,359,309	1,966,020	1,023,481	-	-	(369,808)	(369,808)	-
Total Business-type Activities	16,047,219	20,251,089	1,082,586	2,265,850	-	7,552,306	7,552,306	-
Total - Primary Government	\$ 63,887,396	\$ 29,508,917	\$ 1,866,221	\$ 6,077,892	(33,986,672)	7,552,306	(26,434,366)	-
Component Unit								
Durango Conference Center Business Improvement District	\$ 311,265	\$ 24,084	\$ -	\$ -	-	-	-	(287,181)
General Revenues								
Property taxes levied for:								
General government purposes					2,692,041	-	2,692,041	276,631
Specific ownership tax					285,434	-	285,434	-
Sales tax					23,809,794	-	23,809,794	-
Use tax					1,611,519	-	1,611,519	-
Sales and use tax audit					132,797	-	132,797	-
La Plata County shared sales tax					4,045,539	-	4,045,539	-
La Plata County joint sales tax					2,097,138	-	2,097,138	-
Other taxes					1,195,532	-	1,195,532	-
Franchise fees and occupational taxes					1,672,067	-	1,672,067	-
Lodgers taxes					1,035,151	-	1,035,151	-
Gain on disposal of capital assets					6,090	21,186	27,276	-
Investment earnings					276,091	393,793	669,884	-
Miscellaneous					1,475,496	357,432	1,832,928	-
Total General Revenues					40,334,689	772,411	41,107,100	276,631
Transfers					(250,000)	250,000	-	-
Total General Revenues and Transfers					40,084,689	1,022,411	41,107,100	276,631
Change in Net Position					6,098,017	8,574,717	14,672,734	(10,550)
Net Position Beginning of Year					206,704,142	96,179,168	302,883,310	252,323
Net Position End of Year					\$ 212,802,159	\$ 104,753,885	\$ 317,556,044	\$ 241,773

See accompanying notes to the basic financial statements

City of Durango, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash on hand	\$ 7,635	\$ -	\$ -	\$ -	\$ -	\$ 7,635
Equity in treasurer's cash and investments	5,078,615	7,779,574	5,640	2,070,700	686,278	15,620,807
Cash held in escrow	663,947	-	-	-	-	663,947
Receivables:						
Accounts	214,872	-	-	-	41,977	256,849
Property taxes	2,720,674	-	-	-	-	2,720,674
Sales taxes	1,765,426	-	220,579	220,579	441,423	2,648,007
Franchise taxes	75,390	-	-	-	-	75,390
Lodger's taxes	-	-	-	-	65,532	65,532
Special assessments	5,550	-	-	-	-	5,550
Intergovernmental	919,310	547,523	-	-	-	1,466,833
Interest	170,403	-	-	-	-	170,403
Interfund	821,000	-	-	-	-	821,000
Inventory	69,880	-	-	-	-	69,880
Total Assets	\$ 12,512,702	\$ 8,327,097	\$ 226,219	\$ 2,291,279	\$ 1,235,210	\$ 24,592,507
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 772,862	\$ 538,232	\$ -	\$ 93,797	\$ -	\$ 1,404,891
Accrued expenditures	617,981	-	-	-	-	617,981
Interfund payable	-	-	221,000	-	294,000	515,000
Deposits	781,712	-	-	-	-	781,712
Unearned revenue	172,094	-	-	-	-	172,094
Total Liabilities	2,344,649	538,232	221,000	93,797	294,000	3,491,678
Deferred Inflows of Resources						
Property taxes	2,720,674	-	-	-	-	2,720,674
Total Deferred Inflows of Resources	2,720,674	-	-	-	-	2,720,674
Fund Balances						
Nonspendable	69,880	-	-	-	-	69,880
Restricted	1,580,768	-	5,219	2,197,482	606,345	4,389,814
Committed	124,197	7,788,865	-	-	293,550	8,206,612
Assigned	1,088,811	-	-	-	41,315	1,130,126
Unassigned	4,583,723	-	-	-	-	4,583,723
Total Fund Balances	7,447,379	7,788,865	5,219	2,197,482	941,210	18,380,155
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,512,702	\$ 8,327,097	\$ 226,219	\$ 2,291,279	\$ 1,235,210	\$ 24,592,507

See accompanying notes to the basic financial statements

City of Durango, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2018

Total Governmental Fund Balances \$ 18,380,155

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

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

Cost of capital assets including investment in joint venture	\$ 347,989,341	
Less accumulated depreciation	(139,754,172)	208,235,169

Net Pension liabilities are not recognized at the fund level but are reported at the government-wide level (2,610,636)

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

Deferred Loss on Refunding	\$ 365,388	
Contributions subsequent to measurement date	249,148	614,536

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

Change in investment earnings		(19,100)
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Internal service fund is used by management to charge the costs of general administrative services, equipment replacement and self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 10,684,014

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

Bonds payable	\$ (20,965,000)	
Accrued interest on long term debt	(75,361)	
Compensated absences	(1,441,618)	(22,481,979)

Net Position Of Governmental Activities \$ 212,802,159

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 2,692,041	\$ -	\$ -	\$ -	\$ -	\$ 2,692,041
Specific Ownership Taxes	285,434	-	-	-	-	285,434
Sales taxes	15,873,878	-	1,983,384	1,983,384	3,969,148	23,809,794
Use taxes	1,074,400	-	134,239	134,239	268,641	1,611,519
Sales and use tax audit	132,797	-	-	-	-	132,797
La Plata Count shared sales tax	4,045,539	-	-	-	-	4,045,539
La Plata County joint sales tax	2,097,138	-	-	-	-	2,097,138
Lodgers taxes	-	-	-	-	1,035,151	1,035,151
Cigarette tax	85,420	-	-	-	-	85,420
Franchise fees and occupational taxes	1,672,067	-	-	-	-	1,672,067
Special assessments	12,971	-	-	-	-	12,971
Intergovernmental	2,891,022	598,062	-	296,265	188,402	3,973,751
Licenses and permits	759,016	-	-	-	10,500	769,516
Charges for services	5,047,270	-	-	-	-	5,047,270
Fines and forfeitures	186,064	-	-	-	-	186,064
Investment earnings	80,399	154,130	20,430	16,111	5,021	276,091
Miscellaneous	1,211,000	14,493	-	-	341,244	1,566,737
Total Revenues	38,146,456	766,685	2,138,053	2,429,999	5,818,107	49,299,300
Expenditures						
Current:						
General government	7,816,690	275,192	-	-	8	8,091,890
Public safety	14,551,095	-	-	-	-	14,551,095
Public works	3,231,843	1,161,267	-	-	-	4,393,110
Parks and recreation	7,018,179	4,167,986	-	-	-	11,186,165
Library	2,275,892	-	-	-	-	2,275,892
Community services	1,168,207	-	-	-	-	1,168,207
Economic development	-	-	-	-	724,246	724,246
Non-departmental	1,684,325	-	-	-	-	1,684,325
Capital Outlay	-	-	-	420,241	-	420,241
Debt Service:						
Principal retirement	105,000	-	-	-	3,065,000	3,170,000
Interest and fiscal charges	84,000	-	-	-	553,233	637,233
Total Expenditures	37,935,231	5,604,445	-	420,241	4,342,487	48,302,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	211,225	(4,837,760)	2,138,053	2,009,758	1,475,620	996,896
Other Financing Sources (Uses)						
Sale of capital assets	6,090	-	-	-	-	6,090
Transfers in	742,974	3,463,067	370,000	-	3,518,914	8,094,955
Transfers out	-	-	(2,434,281)	(491,151)	(5,419,523)	(8,344,955)
Total Other Financing Sources (Uses)	749,064	3,463,067	(2,064,281)	(491,151)	(1,900,609)	(243,910)
Net Change in Fund Balances	960,289	(1,374,693)	73,772	1,518,607	(424,989)	752,986
Fund Balances (Deficit) Beginning of Year	6,468,749	9,163,558	(68,553)	678,875	1,366,199	17,608,828
Increase in Reserve for Inventory	18,341	-	-	-	-	18,341
Fund Balances End of Year	\$ 7,447,379	\$ 7,788,865	\$ 5,219	\$ 2,197,482	\$ 941,210	\$ 18,380,155

See accompanying notes to the basic financial statements

City of Durango, Colorado
*Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2018*

Net Changes In Fund Balances - Total Governmental Funds	\$	752,986
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	(8,292,956)	
Capital outlay	5,655,821	(2,637,135)
Governmental funds do not report contributed capital assets but they are reported on statement of activities		2,729,313
Government funds do not report the change in the investment in the joint venture but the change is reported on the statement of activity		1,145,902
The internal service funds used by management to charge the costs of the general services, equipment reserve, risk manager and self-insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		1,007,589
Elimination of transfers between governmental funds		
Transfers in	\$ (8,094,955)	
Transfers out	8,094,955	-
The increase in fund balance reserves for inventory are charged directly to the fund balances at the fund level but expenses are increased at the government-wide level.		18,341
Net Pension expense do not require the use of current financial resources and , therefore are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Pension Expense	\$ (289,575)	
Employer Contributions	249,148	(40,427)
Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/18	\$ (75,361)	
Liability @ 12/31/17	46,103	(29,258)
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,170,000
Deferred Loss on Refunding		(36,539)
Amortization of bond premium is reported as an expense in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds		10,726
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/18	\$ (1,441,618)	
Liability @ 12/31/17	1,371,171	(70,447)
Change In Net Position of Governmental Activities	\$	6,098,017

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Assets						
Current Assets						
Equity in treasurer's cash and investments	\$ 17,567,096	\$ 4,286,798	\$ 772,191	\$ 2,258,108	\$ 24,884,193	\$ 4,693,676
Cash held with fiscal agent	-	5,628,187	-	-	5,628,187	-
Receivables						
Accounts	662,370	1,040,399	325,876	6,573	2,035,218	130,451
Intergovernmental	4,815	4,748,568	-	321,072	5,074,455	-
Inventory	124,509	1,885	-	-	126,394	304,778
Total Current Assets	18,358,790	15,705,837	1,098,067	2,585,753	37,748,447	5,128,905
Noncurrent Assets						
Note receivable	137,539	13,929,786	-	-	14,067,325	-
Prepaid items	-	-	4,000	-	4,000	18,480
Capital Assets						
Land	6,575,919	321,309	89,622	3,886,835	10,873,685	67,889
Construction in progress	3,338,775	51,981,880	-	-	55,320,655	-
Depreciable capital assets, net	32,239,636	15,412,095	2,253,379	6,002,222	55,907,332	6,352,222
Total Noncurrent Assets	42,291,869	81,645,070	2,347,001	9,889,057	136,172,997	6,438,591
Total Assets	60,650,659	97,350,907	3,445,068	12,474,810	173,921,444	11,567,496
Liabilities						
Current Liabilities						
Accounts payable	887,908	6,784,574	42,303	127,922	7,842,707	467,475
Accrued payroll	39,700	46,059	22,557	46,577	154,893	23,011
Compensated Absences - due in one year	36,921	33,622	21,787	34,669	126,999	43,498
Interfund payable	-	-	-	-	-	306,000
Loan payable	186,773	2,489,164	-	-	2,675,937	-
Interest Payable	-	402,870	-	-	402,870	-
Total Current Liabilities	1,151,302	9,756,289	86,647	209,168	11,203,406	839,984
Long Term Liabilities						
Compensated absences net of current portion	36,921	33,622	21,787	34,668	126,998	43,497
Loan payable net of current portion	2,910,599	54,926,556	-	-	57,837,155	-
Total Liabilities	4,098,822	64,716,467	108,434	243,836	69,167,559	883,481
Net position						
Net investment in capital assets	39,056,958	27,957,134	2,343,001	9,889,057	79,246,150	6,420,211
Unrestricted	17,494,879	4,677,306	993,633	2,341,917	25,507,735	4,263,804
Total Net Position - Fund Level	\$ 56,551,837	\$ 32,634,440	\$ 3,336,634	\$ 12,230,974	\$ 104,753,885	\$ 10,684,015

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Operating Revenues						
Charges for sales and services	\$ 6,842,851	\$ 7,821,215	\$ 2,714,050	\$ 2,184,433	\$ 19,562,549	\$ 8,617,804
Services provided	-	-	-	-	-	1,240,038
Miscellaneous	194,225	-	106,998	15,039	316,262	98,658
Total Operating Revenues	<u>7,037,076</u>	<u>7,821,215</u>	<u>2,821,048</u>	<u>2,199,472</u>	<u>19,878,811</u>	<u>9,956,500</u>
Operating Expenses						
Administration	382,817	501,213	-	101,928	985,958	249,392
Source of supply	7,402	-	-	-	7,402	-
Pumping	252,009	-	-	-	252,009	-
Transmission and distribution	1,026,468	-	-	-	1,026,468	-
Treatment	926,122	1,478,704	-	-	2,404,826	-
Meter reading and repairs	166,959	-	-	-	166,959	-
Parking operations	-	-	-	679,848	679,848	-
Collections	-	919,395	1,235,301	-	2,154,696	-
Recycling	-	-	698,731	-	698,731	-
Recycling center	-	-	346,227	-	346,227	-
Sustainability	-	-	138,584	-	138,584	-
Loop system	-	-	-	1,894,125	1,894,125	-
Multi-modal	-	-	-	109,421	109,421	-
Building maintenance	-	-	-	-	-	75,829
Equipment maintenance	-	-	-	-	-	1,301,509
Insurance claims and premiums	-	-	-	-	-	974,576
Medical claims and premiums	-	-	-	-	-	5,589,744
Non-departmental	299,990	159,763	72,214	26,479	558,446	-
Payment for services	353,400	302,725	199,105	141,150	996,380	-
Depreciation	1,300,206	809,562	148,066	406,358	2,664,192	1,304,317
Total Operating Expenses	<u>4,715,373</u>	<u>4,171,362</u>	<u>2,838,228</u>	<u>3,359,309</u>	<u>15,084,272</u>	<u>9,495,367</u>
Operating Income (Loss)	<u>2,321,703</u>	<u>3,649,853</u>	<u>(17,180)</u>	<u>(1,159,837)</u>	<u>4,794,539</u>	<u>461,133</u>
Non-Operating Revenues (Expenses)						
Gain (Loss) on the sale of capital assets	601	10	-	20,575	21,186	334,657
Interest Expense	-	(935,867)	-	-	(935,867)	-
Intergovernmental grants	4,815	904,576	54,290	1,023,481	1,987,162	-
Investment earnings	277,341	75,120	9,194	32,138	393,793	88,767
Total Nonoperating Revenues (Expenses)	<u>282,757</u>	<u>43,839</u>	<u>63,484</u>	<u>1,076,194</u>	<u>1,466,274</u>	<u>423,424</u>
Income (Loss) Before Capital Contributions and Transfers	<u>2,604,460</u>	<u>3,693,692</u>	<u>46,304</u>	<u>(83,643)</u>	<u>6,260,813</u>	<u>884,557</u>
Capital contributions	1,864,192	226,791	-	-	2,090,983	95,953
Transfers in	-	-	-	250,000	250,000	27,079
Transfers out	(27,079)	-	-	-	(27,079)	-
Change in Net Position	<u>4,441,573</u>	<u>3,920,483</u>	<u>46,304</u>	<u>166,357</u>	<u>8,574,717</u>	<u>1,007,589</u>
Net Position Beginning of Year	<u>52,110,264</u>	<u>28,713,957</u>	<u>3,290,330</u>	<u>12,064,617</u>	<u>96,179,168</u>	<u>9,676,426</u>
Net Position End of Year	<u>\$ 56,551,837</u>	<u>\$ 32,634,440</u>	<u>\$ 3,336,634</u>	<u>\$ 12,230,974</u>	<u>\$ 104,753,885</u>	<u>\$ 10,684,015</u>

See accompanying notes to the basic financial statements.

City of Durango, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds				Total	
	Water Utility	Sewer Utility	Sustainable Services	Transportation Services		
Increase in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash received from customers	\$ 7,036,238	\$ 7,829,098	\$ 2,748,493	\$ 2,188,705	\$ 19,802,534	\$ 10,063,485
Cash payments to employees for services	(1,621,808)	(1,688,597)	(934,890)	(1,943,293)	(6,188,588)	(799,062)
Cash payments for goods and services	(1,507,574)	(1,338,638)	(1,785,734)	(987,432)	(5,619,378)	(805,328)
Cash payments for claims and premiums	-	-	-	-	-	(6,564,320)
Net Cash Provided by (Used in) Operating Activities	<u>3,906,856</u>	<u>4,801,863</u>	<u>27,869</u>	<u>(742,020)</u>	<u>7,994,568</u>	<u>1,894,775</u>
Cash Flows from Noncapital Financing Activities						
Decrease in note receivable	25,803	-	-	-	25,803	-
Intergovernmental revenue	4,815	904,576	54,290	1,023,481	1,987,162	-
Interfund payable	-	-	-	-	-	(150,000)
Prepaid premium	-	-	(4,000)	-	-	-
Transfers in	-	-	-	250,000	250,000	-
Net Cash Provided by Noncapital Financing Activities	<u>30,618</u>	<u>904,576</u>	<u>50,290</u>	<u>1,273,481</u>	<u>2,262,965</u>	<u>(150,000)</u>
Cash Flows from Capital and Related Financing Activities						
Plant investment fees	710,391	213,191	-	-	923,582	-
Capital transfer in	-	-	-	-	-	-
Capital transfer out	(27,079)	-	-	-	(27,079)	-
Interest payments	-	(532,997)	-	-	(532,997)	-
Decrease in loan receivable	-	20,361,817	-	-	20,361,817	-
Decrease in loan payable	(183,183)	(2,441,022)	-	-	(2,624,205)	-
Cash sales of capital assets	601	10	-	20,575	21,186	336,167
Payments for capital acquisitions	(1,411,072)	(32,478,788)	-	(143,486)	(34,033,346)	(1,479,143)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(910,342)</u>	<u>(14,877,789)</u>	<u>-</u>	<u>(122,911)</u>	<u>(15,378,045)</u>	<u>(1,142,976)</u>
Cash Flows from Investing Activities						
Investment earnings	277,341	75,120	9,194	32,138	393,793	88,767
Net Cash Provided by Investing Activities	<u>277,341</u>	<u>75,120</u>	<u>9,194</u>	<u>32,138</u>	<u>393,793</u>	<u>88,767</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,304,473	(9,096,230)	87,353	440,688	(5,263,716)	690,566
Cash and Cash Equivalents, Beginning of Year	14,262,623	19,011,215	684,838	1,817,420	35,776,096	4,003,110
Cash and Cash Equivalents, End of Year	<u>\$ 17,567,096</u>	<u>\$ 9,914,985</u>	<u>\$ 772,191</u>	<u>\$ 2,258,108</u>	<u>\$ 30,512,380</u>	<u>\$ 4,693,676</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ 2,321,703	\$ 3,649,853	\$ (17,180)	\$ (1,159,837)	\$ 4,794,539	\$ 461,133
Adjustments:						
Depreciation	1,300,206	809,562	148,066	406,358	2,664,192	1,304,317
Premium amortization	-	58,874	-	-	58,874	-
(Increase) Decrease in Assets:						
Accounts receivable	(838)	72,656	(72,556)	(10,767)	(11,505)	245,006
Inventory	(21,809)	(178)	-	-	(21,987)	(16,367)
Increase (Decrease) in Liabilities:						
Accounts payable	337,394	183,133	(16,586)	64,229	568,170	(110,116)
Accrued wages	(29,800)	27,963	(13,875)	(42,003)	(57,715)	10,802
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,906,856</u>	<u>\$ 4,801,863</u>	<u>\$ 27,869</u>	<u>\$ (742,020)</u>	<u>\$ 7,994,568</u>	<u>\$ 1,894,775</u>
Non-cash Investing, Capital and Financing Activities:						
Contributed capital assets	\$ 1,153,801	\$ 13,600	\$ -	\$ -	\$ 1,167,401	\$ 95,953

See accompanying notes to the basic financial statements

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies

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

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

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

1-A. Reporting Entity

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

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

A description of the discretely presented component unit follows:

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

1-B. Basis of Presentation

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

1-C. Measurement Focus

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-D. Basis of Accounting

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

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

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

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

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

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2018.

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

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reflected as nonspendable as this amount is not available for general appropriation.

1-E-6 Capital Assets

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

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

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

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

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

1-E-7 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify as a deferred outflow of resources. A deferred outflow of resources related to pensions have been recorded as of December 31, 2018, which consists of one component: 1) contributions subsequent to measurement date. See Note 3I for additional information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items which are considered a deferred inflow of resources. Property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected are recognized in the financial statements. Change in investment earnings related to pensions are considered a deferred inflow of resources and have been recorded as of December 31, 2018.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-8 Compensated Absences

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

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

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

Proprietary Funds -- Accumulated paid time off at December 31, 2018, for employees of the proprietary funds have been accrued. These compensated absences are recognized as current salary costs when earned in the proprietary funds.

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

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

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

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

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

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

1-E-11 Fund Equity

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

1-E-12 Operating Revenues and Expenses

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

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

1-E-13 Contributions of Capital

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

1-E-14 Interfund Activity

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-E-15 Estimates

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

1-E-16 Comparative Data

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

1-E-17 Change in Accounting Principle

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which removed the requirement to capitalize interest cost incurred before the end of a construction period in business-type funds.

Note 2 – Stewardship, Compliance and Accountability

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

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

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

All unexpended operating annual appropriations lapse at year-end.

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

2-B. Self-Insurance Fund Net Position- The Self Insurance Fund Net Position at December 31, 2018 was a negative \$530,489. This shortfall relates to large medical claims in December of 2018 that were not foreseen during budget. This shortfall will be covered in the ensuing year. This shortfall will be covered by additional charges to the funds in 2019 for self-insurance premiums and claims.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3- Detailed Notes on All Funds

3-A. Deposits and Investments

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

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

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

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

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

As of December 31, 2018, the City had \$2,992,248 invested in the Colorado Local Governments Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating Colotrust. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. Colotrust is rated AAAM by Standards and Poor's.

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

As of December 31, 2018, the City had \$247,592 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating CSAFE.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Investments in the external investment pool are shown at amortized cost for financial reporting purposes. CSAFE is rated AAAM by Standards and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

As of December 31, 2018, the City was invested in Federal Home Loan Bank, Fannie Mae, Freddie Mac, Federal Farm Credit Bank and US Treasury. As of December 31, 2018, the City had the following investments and maturities:

Investment Type	S&P Rating	Investment Maturities (in Years)		Fair Value	Percentage
		Less Than 1 Year	1 - 5 Years		
FEDERAL FARM CR BKS	AA+	\$ 3,963,156	\$ 2,964,929	\$ 6,928,085	16%
FEDERAL HOME LN MTG CORP	AA+	4,957,826	2,984,205	7,942,031	18%
FEDERAL HOME LOAN BANKS	AA+	3,975,479	9,891,604	13,867,083	32%
FEDERAL NATL MTG ASSN	AA+	6,942,411	1,965,846	8,908,257	21%
US Treasury	AA+	-	2,006,875	2,006,875	5%
Colotrust	AAAm	2,992,248	-	2,992,248	7%
CSAFE	AAAm	247,592	-	247,592	1%
Total		\$ 23,078,712	\$ 19,813,459	\$ 42,892,171	

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Investments	\$	42,892,171
Reconciliation to Total Deposits and Investments		
Add:		
Cash on Hand and in Banks		2,866,569
Component Unit		237,206
Restricted Cash and Investments		
Cash held with fiscal agent	5,628,187	
Investment in ICMA	49,823	
Investment in Empower Retirement	61,695	
Restricted Cash and Investments		5,739,705
Total Cash and Investments	\$	51,735,651

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

Cash & Investment Reconciliation:

		Cash and Cash Investments
Fund Reporting Level:		
Governmental Funds - Cash on hand	\$	7,635
Governmental Funds - Equity in treasurer's cash and investments		15,620,807
Governmental Funds - Cash held in escrow		663,947
Proprietary Fund Type Statement of Net Position - Enterprise Funds		30,512,380
Proprietary Fund Type Statement of Net Position - Internal Service Funds		4,693,676
Cash and investments - Component Unit		237,206
Total	\$	51,735,651
Government-wide Level:		
Cash and investments - primary government	\$	51,498,445
Cash and investments - Component Unit		237,206
Total	\$	51,735,651

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

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

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day’s notice. The City’s total portfolio was within these limits for the year ended December 31, 2018. Restricted cash and assets are those assets that are restricted by voter restriction or restricted legally by state statutes or city code of ordinances.

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

The City has the following fair value measurements as of December 31, 2018:

	12/31/2018	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Federal Home Loan Bank	\$ 13,867,083	\$ -	\$ 13,867,083	\$ -
Federal Farm Credit Banks	6,928,085	-	6,928,085	-
Federal home Loan Mortgage Corporation	7,942,031	-	7,942,031	-
Federal National Mortgage Association	8,908,257	-	8,908,257	-
US Treasury	2,006,875	-	2,006,875	-
Total investments by fair value level	\$ 39,652,331	\$ -	\$ 39,652,331	\$ -
Investments measured at NAV				
COLOTRUST	\$ 2,992,248			
Investments measured at amortized cost				
CSAFE	\$ 247,592			
Total Investments	\$ 42,892,171			

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

3-B. Receivables

Receivables at December 31, 2018, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

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

3-C. Property Taxes

Property taxes as set by the City Council are collected by the County Treasurer. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represents 2018 taxes levied and budgeted for calendar 2019 and collectible in calendar 2019. This amount also is reflected as deferred inflow of resources at the fund financial reporting level and the government-wide financial reporting level. Following are details of the property tax calendar:

Lien date	January 1 (current year)
Levy date	December 15 (prior year)
First half installment due	February 28
Second half installment due	June 17
If paid in full	April 30

3-D. Capital Assets

Capital asset activity for governmental activities, including internal service funds, for the year ended December 31, 2018, were as follows:

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 29,987,277	\$ -	\$ -	\$ 29,987,277
Construction in progress	9,158,364	2,463,698	5,477,380	6,144,682
Total capital assets not being depreciated	<u>39,145,641</u>	<u>2,463,698</u>	<u>5,477,380</u>	<u>36,131,959</u>
Other capital assets:				
Buildings	46,350,168	200,000	-	46,550,168
Improvements	1,101,610	-	-	1,101,610
Equipment	23,024,706	2,618,096	1,249,195	24,393,607
Infrastructure	223,211,766	10,259,863	-	233,471,629
Total depreciable capital assets	<u>293,688,250</u>	<u>13,077,959</u>	<u>1,249,195</u>	<u>305,517,014</u>
Accumulated depreciation:				
Buildings	13,397,592	910,664	-	14,308,256
Improvements	989,107	88,379	-	1,077,486
Equipment	13,375,949	1,903,898	1,247,685	14,032,162
Infrastructure	112,435,741	6,694,332	-	119,130,073
Total accumulated depreciation	<u>140,198,389</u>	<u>9,597,273</u>	<u>1,247,685</u>	<u>148,547,977</u>
Total depreciable capital assets, net	<u>153,489,861</u>	<u>3,480,686</u>	<u>1,510</u>	<u>156,969,037</u>
Governmental activities capital assets, net	<u>\$ 192,635,502</u>	<u>\$ 5,944,384</u>	<u>\$ 5,478,890</u>	<u>\$ 193,100,996</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The following are the changes in the business-type activities, excluding internal service funds, for the year ended December 31, 2018.

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 5,007,012	\$ 13,941	\$ -	\$ 5,020,953
Water Rights	5,852,732	-	-	5,852,732
Construction in progress	<u>19,623,773</u>	<u>35,715,518</u>	<u>18,638</u>	<u>55,320,653</u>
Total capital assets not being depreciated	<u>30,483,517</u>	<u>35,729,459</u>	<u>18,638</u>	<u>66,194,338</u>
Depreciable capital assets:				
Buildings	21,805,423	-	-	21,805,423
Equipment	8,176,496	223,431	220,656	8,179,271
Infrastructure	<u>68,531,876</u>	<u>694,554</u>	<u>-</u>	<u>69,226,430</u>
Total depreciable capital assets	<u>98,513,795</u>	<u>917,985</u>	<u>220,656</u>	<u>99,211,124</u>
Accumulated depreciation:				
Buildings	12,517,714	549,860	-	13,067,574
Equipment	4,994,541	415,105	220,656	5,188,990
Infrastructure	<u>23,348,001</u>	<u>1,699,227</u>	<u>-</u>	<u>25,047,228</u>
Total accumulated depreciation	<u>40,860,256</u>	<u>2,664,192</u>	<u>220,656</u>	<u>43,303,792</u>
Total depreciable capital assets, net	<u>57,653,541</u>	<u>(1,746,207)</u>	<u>-</u>	<u>55,907,334</u>
Business-type activities capital assets, net	<u>\$ 88,137,058</u>	<u>\$ 33,973,252</u>	<u>18,638</u>	<u>\$ 122,101,672</u>

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

Governmental activities depreciation expense is allocated as follows:

General government	\$	1,762,724
Public Safety		96,327
Public Works		5,706,331
Library		395,572
Parks and Recreation		1,636,319
		<hr/>
Total governmental activities depreciation expense	\$	<u>9,597,273</u>

Business-type activities depreciation expense is allocated as follows:

Water	\$	1,300,206
Sewer		809,562
Sustainable Services		148,066
Transportation Services		406,358
		<hr/>
Total business-type activities depreciation expense	\$	<u>2,664,192</u>

3-E. – Interfund Balances and Transfers

Interfund balances at December 31, 2018, the \$221,000 interfund receivable from the general fund to the capital improvements fund relates to a short-term cash loan that will be paid back to the general fund in early 2019. The \$306,000 interfund receivable from the general fund to the self-insurance fund relates to a short-term cash loan that will be paid back to the general fund in early 2019. The \$294,000 interfund receivable from the general fund to the 2015 Sales Tax Fund relates to a short-term cash loan that will be paid back to the general fund in early 2019.

	Interfund Receivable	Interfund Payable
	<hr/>	<hr/>
Capital Improvement fund	\$ -	\$ 221,000
Self-Insurance fund	-	306,000
2015 Sales Tax fund	-	294,000
General fund	<hr/> 821,000	<hr/> -
Total	<u>\$ 821,000</u>	<u>\$ 821,000</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfers to	Transfers From				Total
	Capital Improvements Fund	Parks, Open Space, Trails Fund	Non-major Governmental Funds	Water Fund	
General fund	\$ -	\$ 364,369	\$ 378,605	\$ -	\$ 742,974
Capital projects fund	-	126,782	3,336,285	-	3,463,067
Capital improvements fund	-	-	370,000	-	370,000
Non-major governmental funds	2,434,281	-	1,084,633	-	3,518,914
Internal Service Funds	-	-	-	27,079	27,079
Transportation services fund	-	-	250,000	-	250,000
	<u>\$ 2,434,281</u>	<u>\$ 491,151</u>	<u>\$ 5,419,523</u>	<u>\$ 27,079</u>	<u>\$ 8,372,034</u>

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

3-F. Compensated Absences

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

3-G. Operating Leases

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

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

On June 6, 2001, the City entered into a sub-lease agreement as lessor with Alamosa Properties, L.P. for the use of a portion of the land leased by the City from the Colorado Division of Wildlife described above. The premises are located at the Smelter Mountain Site, comprise approximately four hundred square feet and may be used by the sub-lessee for the provision of communications services. The lease calls for annual payments of \$20,000 for the first year with 3% annual increases for subsequent years. The initial term is for five years and may be extended for four successive five-year periods. In 2008, 2013, and in 2018 this lease was automatically renewed for another 5 years. This lease is subject to earlier termination if the City's lease with the State were to be terminated. The premises leased include space on the City's radio tower. The radio tower did not meet the City's criteria for capitalization and is not being depreciated.

On June 6, 2001, the City entered into a lease as lessor with Alamosa Properties, L.P. for use of City premises to locate a telecommunications antenna. The premises are located at the Junction Creek Water Tank and allow for the use of approximately two hundred square feet of land and space on the water tower. The initial term of the lease is five years with the option to renew for four additional periods of five years. In 2008, 2013, and in 2018 this lease was automatically renewed for another 5 years. The lease calls for an annual rent payment of \$20,000 for the first year with 3% annual increases each year thereafter. The premises leased include space on an existing water tower and land on which to put a removable building.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

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

On September 20, 1983, the City entered into a lease agreement with Southwest Colorado Community Corrections Center, Inc. for a 1.2-acre tract of City-owned land. The original lease was for a period of twenty years commencing on September 19, 1983. Conditions of the lease included that the lessee must construct a community corrections facility on the demised property. This has been accomplished and the building has been recognized in the City's general capital assets. In conjunction with the lease the City of Durango issued and sold Anticipation Warrants to aid in the financing of the facility. The lease payments were enough to cover principal and interest payments on the Anticipation Warrants as they became due. All outstanding warrants have been retired. All improvements constructed on the property become property of the City. On December 5, 1989, the City expanded the provisions of the original lease to provide for an additional 10 years, which brings the term of the lease through September 18, 2013. In addition, the amended lease agreement authorizes expansion of the premises. On July 17, 2012, the City entered a new lease agreement with Southwest Colorado Community Corrections Center, Inc. The new lease encompasses a 2.4-acre tract of City-owned land. The lease is for a period of twenty years ending in 2032 and may be extended for two five-year periods. The rental for the entire twenty-year term was payable in advance upon execution of the agreement. The cost of the assets being leased was \$189,488. The carrying amount of the assets was \$53,057 at December 31, 2018. Depreciation taken during 2017 was \$3,790.

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

On December 31, 1999, the City entered into a lease agreement with the Volunteers of America for a City-owned parcel of land with an existing building for purposes of operating a shelter. The lease commences on January 1, 2000 and extends until December 31, 2019, subject to annual review and renewal by the parties. On July 17, 2012 the City entered into a new lease agreement with Volunteers of America. The lease is for a term of twenty years commencing on July 12, 2012 and terminating on July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty-year term was payable in advance upon execution of the agreement. The carrying value of the leased asset was \$50,368 at December 31, 2018 with a cost of \$81,295 and current year depreciation of \$1,638.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

On April 17, 2007 the City entered into a lease agreement with Durango 4-C Council Tri-County Head Start Program. Lessee shall use and occupy the premises for the Head Start Programs and Administration. In December of 2012 the term was extended to December 31, 2016. A month to month lease was in place until an extension was signed in 2018 terminating on December 31, 2018. The lease will automatically be extended for successive two-year terms. Consideration for this lease is \$25,500 payable in monthly installments of \$2,125. Lessee performed radon mitigation on the property and the parties agreed that rent will not be paid from a period of October 2017 through April 2019.

On May 29, 2007 the City entered into a lease agreement with the Children's Museum of Durango d/b/a the Durango Discovery Museum for a City-owned property known as the Power Plant located in the northern section of the Central Business District. The lease is for a term of twenty-five years commencing on May 29, 2007 and terminating May 30, 2032 with the option to renew for additional periods of ten years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty-five-year term was payable in advance upon execution of the agreement. The carrying value of the leased assets is \$728,987 with a cost of \$1,146,724 and current year depreciation of \$34,005.

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

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Durango Business Improvement District (BID) for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012 and terminating December 31, 2015 with the option to renew for two three-year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years. In 2018 the lease year was amended to begin on January 1 and run through December 31 and was extended three more years through 2021.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Durango Area Tourism Office, Inc. for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012 and terminating December 31, 2015 with the option to renew for two three-year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years. In 2018 the lease year was amended to begin on January 1 and run through December 31 and was extended three more years through 2021.

On February 1, 2012 the City entered into a sub-lease agreement as lessor with Fort Lewis College for joint occupancy of the front 46 2/3 feet of the ground floor space of the property located at 802 Main Ave. The lease is for a term of three years eleven months commencing on February 1, 2012 and terminating December 31, 2015 with the option to renew for two three-year terms contingent upon the City renewing its lease with Griffith Properties. This lease was renewed in 2016 for an additional 3 years. The lease calls for monthly payments of \$1,400 for the first year with 3.5% annual increases for subsequent years. In 2018 the lease year was amended to begin on January 1 and run through December 31 and was extended three more years through 2021.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

for subsequent years. In 2018 the lease year was amended to begin on January 1 and run through December 31 and was extended three more years through 2021. The amount of this lease was also increased to \$2,320 per month with an annual increase of 3.5%.

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

On February 6, 2012, the City entered into a lease agreement as a lessor with the Durango & Silverton Narrow Gauge Railroad Company for a City-owned parcel of land consisting of 62,500 feet located at the corner of Camino del Rio and West College Drive as Narrow Gauge Avenue to be used as a parking lot. The lease commences on February 6, 2012 and extends until February 6, 2015. The lease was renewed for an additional three years and extends until February 6, 2018. The lease calls for an annual rent payment of \$25,000 due on or before February 6th of each year. The lease was renewed for an additional one year to February 6, 2019 and the payment was increased to \$35,000. This is a ground lease for a small portion of land and is not being depreciated.

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

On August 1, 2017, the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for 5 parking spaces located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 2, 2017 and extends for ten months to May 31, 2018. The lease calls for a lump sum rent payment of \$1,275 due at least 5 days prior to distribution of passes for the spaces. This lease was not renewed in 2018.

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

On November 12, 2013, the City entered into a lease agreement as a lessor with the Southwest Colorado Council of Governments for 528 square feet of office space located in the Carnegie Building at 1188 E 2nd Avenue. The lease commences on November 12, 2013 and extends for one year to November 12, 2014 with the option to renew for one year. In 2014, the lease was renewed for one more year. In 2015, a new lease was entered with the same terms. In 2017, a new lease was entered ending on November 30, 2018. The consideration for the lease is an annual rental of \$1 per year. This lease was not renewed in 2018.

On February 15, 2015, the City entered into a lease agreement as a lessor with Flexible Flyers Rafting for the property located at Roosa Ave and 9th St for commercial river outfitter services. The lease commences on February 15, 2015 and extends for one year with the option to renew for three one-year terms. The lease calls for a lump sum rent payment of \$2,250 due by May 15th of each contract year. This lease was automatically renewed in 2018.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

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

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

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

As of December 31, 2018, future minimum rentals receivable under operating leases are as follows:

Year Ending December 31,	Amount
2019	\$ 224,564
2020	204,981
2021	210,413
2022	133,676
2023	137,593
2023-2027	103,305
Total	\$ 1,014,532

3-H. Long-Term Debt

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

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

Annual debt service requirements to amortize the 2016 sales and use tax revenue note outstanding, as of December 31, 2018 follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,015,000	\$ 155,040	\$ 1,170,040
2020	1,040,000	134,334	1,174,334
2021	1,060,000	113,118	1,173,118
2022	1,085,000	91,494	1,176,494
2023	1,110,000	69,360	1,179,360
2024-2025	2,290,000	70,380	2,360,380
Total	\$ 7,600,000	\$ 633,726	\$ 8,233,726

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

2028. These bonds were advanced refunded in 2017. The City refunded the bonds to reduce its debt service requirements over the next 11 years. The Sales and Use Revenue Refunding Note has an interest rate of 2.37 percent. The amount of the deferred loss on the refunding was \$401,927.

Annual debt service requirements to amortize the 2009 sales and use tax revenue bonds outstanding, as of December 31, 2018 follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 860,000	\$ 34,400	\$ 894,400
Total	\$ 860,000	\$ 34,400	\$ 894,400

Annual debt service requirements to amortize the 2017 sales and use tax revenue note outstanding, as of December 31, 2018 follow:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 120,000	\$ 241,977	\$ 361,977
2020	1,020,000	239,133	1,259,133
2021	1,040,000	214,959	1,254,959
2022	1,070,000	190,311	1,260,311
2023	1,095,000	164,952	1,259,952
2024-2028	5,865,000	423,519	6,288,519
Total	\$ 10,210,000	\$ 1,474,851	\$ 11,684,851

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

Year Ending December 31,	Principal	Interest	Total
2019	\$ 186,773	\$ 59,493	\$ 246,266
2020	190,433	55,833	246,266
2021	194,164	52,101	246,265
2022	197,969	48,297	246,266
2023	201,848	44,418	246,266
2024-2028	1,070,141	161,187	1,231,328
2029-2033	1,056,047	52,150	1,108,197
Total	\$ 3,097,377	\$ 473,480	\$ 3,570,857

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Year Ending December 31,	Principal	Interest	Total
2019	\$ 125,000	\$ -	\$ 125,000
2020	125,000	-	125,000
2021	125,000	-	125,000
2022	125,000	-	125,000
2023	125,000	-	125,000
2024-2028	625,000	-	625,000
2029-2033	625,000	-	625,000
2034-2037	437,500	-	437,500
Total	\$ 2,312,500	\$ -	\$ 2,312,500

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

Year Ending December 31,	Principal	Interest	Total
2019	\$ 2,305,290	\$ 966,888	\$ 3,272,178
2020	2,352,605	920,138	3,272,743
2021	2,397,453	874,388	3,271,841
2022	2,438,775	829,888	3,268,663
2023	2,481,893	787,138	3,269,031
2024-2028	12,978,666	3,379,342	16,358,008
2029-2033	13,703,733	2,654,372	16,358,105
2034-2038	15,267,317	1,087,972	16,355,289
Total	\$ 53,925,732	\$ 11,500,126	\$ 65,425,858

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

Year Ending December 31,	Base Rental	Interest	Total
2019	\$ 110,000	\$ 80,325	\$ 190,325
2020	115,000	76,475	191,475
2021	115,000	72,450	187,450
2022	120,000	68,425	188,425
2023	125,000	64,226	189,226
2024-2028	700,000	252,001	952,001
2029-2033	825,000	120,751	945,751
2034	185,000	6,476	191,746
Total	\$ 2,295,000	\$ 741,130	\$ 3,036,130

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2018:

Governmental Activities	Outstanding	Additions	Reductions	Outstanding	Amounts Due
	1/1/2018			12/31/2018	in One Year
2008 Sales & Use Tax Revenue Bonds	\$ 1,135,000	\$ -	\$ 1,135,000	\$ -	\$ -
2009 Sales & Use Tax Revenue Bonds	1,690,000	-	830,000	860,000	860,000
2014 Certificates of Participation	2,400,000	-	105,000	2,295,000	110,000
2016 Sales & Use Revenue Refunding Note	8,600,000	-	1,000,000	7,600,000	1,015,000
2017 Sales & Use Revenue Refunding Note	10,310,000	-	100,000	10,210,000	120,000
Compensated Absences	1,371,171	1,492,065	1,421,618	1,441,618	720,809
Compensated Absences- Internal Service Funds	76,581	67,280	56,865	86,996	43,498
Series 2008 Bond Amortization	10,726	-	10,726	-	-
Total Governmental Activities	\$ 25,593,478	\$ 1,559,345	\$ 4,659,209	\$ 22,493,614	\$ 2,869,307

Business Type Activities	Outstanding	Additions	Reductions	Outstanding	Amounts Due
	1/1/2018			12/31/2018	in One Year
Colorado Water and Power Authority Loan- Water	\$ 3,280,556	\$ -	\$ 183,183	\$ 3,097,373	\$ 186,773
Colorado Water and Power Authority Loan- Sewer	56,182,879	-	2,257,147	53,925,732	2,305,290
Colorado Water and Power Authority Loan- Sewer 0% Interest	2,437,500	-	125,000	2,312,500	125,000
Loan Premium Amortization	1,236,360	-	58,874	1,177,486	58,874
Compensated Absences- Enterprise Funds	294,834	338,262	379,098	253,998	126,999
Total Business Type Activities	\$ 63,432,129	\$ 338,262	\$ 3,003,302	\$ 60,767,089	\$ 2,802,936

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

3-I. Pensions

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

Firemen Plan Benefits Provided -Members are eligible for retirement benefits upon reaching age 50 with 20 years of service. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 1.75 percent of final salary times service in excess of 20 years served since January 1, 1992. The maximum benefit amount is limited to 70 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2018 there are no active members in the plan.

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

Policemen Plan Benefits Provided - Members are eligible for retirement benefits upon reaching age 55 with 20 years service or upon completion of 25 years of service, if earlier. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 2.0 percent of final salary times service in excess of 20 years, limited to a maximum total benefit of 75 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2018 there are no active members in the plan.

Membership of each plan was comprised of the following on December 31, 2018:

	Firemen Pension	Policemen Pension
Retirees and beneficiaries receiving benefits	8	8
Disabled retired member	-	-
Active plan members	-	-
Total	8	8

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

Contributions to the plans for the year ended December 31, 2018 were as follows:

	Firemen Pension	Policemen Pension
Employer contributions	\$ 126,278	\$ 122,870
Employee contributions	-	-
Total	\$ 126,278	\$ 122,870

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Net Pension Liability-Fireman Plan

The City of Durango’s net pension liability for each Plan is measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

Actuarial Assumptions

The total pension liabilities in the January 1, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	15 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.5 percent
Investment rate of return	7.5 percent

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

Asset Allocation for FPPA

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

Asset Class	Target Allocation	Long- Term
		Real Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Private Capital	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.5%.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Net Pension Liability/ (Asset)	
Measurement Period Ended December 31, 2017	
Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	162,946
Benefit Changes	-
Difference between expected and actual experience of the Total Pension Liability	17,472
Changes of assumptions	-
Benefit payments	(257,593)
Net change in total pension liability	\$ (77,175)
Total pension liability beginning	2,299,088
Total pension liability ending	<u>\$ 2,221,913</u>
Plan fiduciary net position	
Contributions - employer	\$ 126,278
Contributions - employee	-
Net investment income	130,707
Benefit payments	(257,593)
Pension Plan Administrative Expense	(2,004)
Net change in plan fiduciary net position	\$ (2,612)
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	994,944
Plan fiduciary net position - ending (Market value of assets at end of year)	<u>\$ 992,332</u>
Net Pension liability/(asset)	<u>\$ 1,229,581</u>
Plan fiduciary net position as a percentage of the total pension liability	44.66%

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of Net Pension Liability/(Asset)		
To the Single Discount Rate Assumption		
Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ 1,399,474	\$ 1,229,581	\$ 1,081,030

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2018, the City recognized pension expense of \$121,023. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 5,038
Contributions subsequent to measurement date	126,278	
Total	\$ 126,278	\$ 5,038

\$126,278 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability, in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2019	\$ 8,313
2020	5,861
2021	(7,013)
2022	(12,199)
\$	(5,038)

Net Pension Liability-Policeman Plan

The City of Durango’s net pension liability for each Plan is measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Assumptions

The total pension liabilities in the January 1, 2017 actuarial valuations were determined using the following actuarial assumptions:

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

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

Asset Allocation for FPPA

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Real Rate of Return</u>
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Private Capital	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate are available upon request.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Net Pension Liability/ (Asset)	
Measurement Period Ended December 31, 2017	
Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	210,904
Benefit Changes	-
Difference between expected and actual experience of the Total Pension Liability	52,524
Changes of assumptions	-
Benefit payments	(304,342)
Net change in total pension liability	<u>\$ (40,914)</u>
Total pension liability beginning	<u>2,961,476</u>
Total pension liability ending	<u><u>\$ 2,920,562</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 122,870
Contributions - employee	-
Net investment income	204,149
Benefit payments	(304,342)
Pension Plan Administrative Expense	(2,004)
Net change in plan fiduciary net position	<u>\$ 20,673</u>
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	<u>1,518,834</u>
Plan fiduciary net position - ending (Market value of assets at end of year)	<u><u>\$ 1,539,507</u></u>
Net Pension liability/(asset)	<u><u>\$ 1,381,055</u></u>
Plan fiduciary net position as a percentage of the total pension liability	52.71%

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Sensitivity of Net Pension Liability/(Asset)		
To the Single Discount Rate Assumption		
Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ 1,621,981	\$ 1,381,055	\$ 1,171,624

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2018, the City recognized pension expense of \$168,552. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 14,062
Contributions subsequent to measurement date	122,870	
Total	\$ 122,870	\$ 14,062

\$122,870 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2019	\$ 10,276
2020	7,066
2021	(12,004)
2022	(19,400)
\$	(14,062)

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The City participates in two defined contribution plans.

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

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

The City's total payroll for the year ended December 31, 2018 was \$22,019,609. The City's payroll for employees covered by the plan was \$3,902,366. The contribution to the plan totaled \$788,278, which consists of \$351,213 contributed by employees and \$437,065 contributed by the City.

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

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

The City's total payroll for the year ended December 31, 2018 was \$22,019,609. The City's payroll for employees covered by the plan was \$15,940,089. The contribution to the plan totaled \$3,219,898, which consists of \$1,434,608 contributed by employees and \$1,785,290 contributed by the City.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

3-J. Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2018 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type Activities</u>
Cost of Capital Assets	\$ 341,648,973	\$ 165,405,464
Less accumulated depreciation	<u>148,547,977</u>	<u>43,303,792</u>
Book Value	193,100,996	122,101,672
Less capital related debt	(21,330,388)	(66,874,842)
Plus Unspent bond proceeds	-	24,019,320
Net investment in capital assets	<u><u>\$ 171,770,608</u></u>	<u><u>\$ 79,246,150</u></u>

3-K Fund Equity

Fund Balances - Fund balances are classified as follows:

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

General Fund:

Inventories \$ 69,880

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

General Fund:

Emergencies \$ 1,469,251
Pension 111,518

Total \$1,580,768

Major Capital Projects Fund:

Capital Improvement Fund \$ 5,219
Parks, Open, Space and Trails Fund 2,197,482

Total \$ 2,202,701

Nonmajor Governmental Funds:

Conservation Trust projects \$ 4,018
Debt Service payments 418,137
Recreation Complex/Trail projects 184,190

Total \$ 606,345

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

General Fund:

Reserve for PEG fees \$ 80,821
Reserve for police confiscations 43,375

Total \$ 124,197

Major Capital Projects Funds:

Capital projects \$ 7,788,865

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Nonmajor Governmental Funds:

Park development projects	49,994
Road Impact fee projects	3,008
Durango Tourism	232,913
Storm drainage fee projects	<u>7,635</u>
Total	<u>\$ 293,550</u>

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

General Fund:

Funds held in Escrow	<u>\$1,088,811</u>
Total	<u>\$1,088,811</u>

Nonmajor Governmental Funds:

Loan payables	<u>\$ 41,315</u>
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Note 4 - Other Note

4-A. Risk Management

Employee Medical Insurance - Effective January 1, 1985, the City began a self-insurance program for medical claims. The purpose of the program is to pay medical claims of City employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the City. The employer pays employee and a percentage of the dependent coverage. Claims are processed and paid by Meritain Health, a third party administrator. Individual excess risk coverage commences after an individual has incurred \$75,000 of claims in a year. The City carried the aggregate coverage for any claims up to a maximum of \$3,669,482 in 2018. The excess risk coverage for both individual and aggregate claims coverage was covered by Reliastar Life Insurance Co., a private insurance carrier. Settled claims have not exceeded coverage in any of the past three fiscal years.

The claims liability reported in the Self Insurance Fund (an internal service fund) at December 31, 2018 is based on claims reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

Date	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2016	\$ 185,686	\$ 3,516,044	\$ 3,316,063	\$ 385,667
2017	385,667	3,715,617	3,574,795	526,559
2018	526,559	4,136,328	4,296,264	366,623

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 - Other Notes (Continued)

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

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

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

4-B. Contingent Liabilities

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

The City was a defendant in several lawsuits at December 31, 2018. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. Joint Ventures

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

The Airport's net position at fiscal year-end was \$43,108,568, 50 percent equity interest is booked as the joint venture.

Condensed Statement of Net Position

	Business-Type Activities
	2018
Assets:	
Current assets	\$ 10,695,115
Capital assets	32,760,458
Total assets	\$ 43,455,573
Liabilities:	
Current liabilities	294,564
Long term liabilities	52,441
Total liabilities	\$ 347,005
Net position:	
Investment	
In Capital Assets	32,760,458
Unrestricted	4,237,425
Restricted	6,110,685
Total net position	\$ 43,108,568

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 - Other Notes (Continued)

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

	Business-type Activities
	2018
Revenues:	
Operating Revenue	\$ 3,952,339
Non-Operating Revenue	3,310,042
Total revenues	<u>7,262,381</u>
Expenses:	
Operating Expense	3,303,904
Non-Operating Expense	-
Depreciation	2,404,085
Total expenses	<u>5,707,989</u>
Capital Contributions	<u>737,413</u>
Change in net position	2,291,805
Beginning net position	40,816,763
Ending net position	<u>\$ 43,108,568</u>

The City's equity interest in the airport is reported in the government-wide capital assets. The City's equity interest in the Durango-LaPlata County Airport was \$21,554,284 at December 31, 2018. The Durango La Plata County Airport issues separate financial statements which may be obtained from the Airport or from the City of Durango Finance Department.

4-D. Tax, Spending and Debt Limitations

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

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

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2018

Old Hire Fire Pension Plan Required Supplementary Information

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

	Fiscal Year Ending December 31									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Pension Liability										
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
Interest	N/A	N/A	N/A	N/A	N/A	N/A	153,060	156,903	168,874	162,946
Changes in Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	146,102	-	131,823	-
Differences Between Expected and Actual Experience	N/A	N/A	N/A	N/A	N/A	N/A	-	19,701	-	17,472
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	-	91,649	-	-
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	(253,376)	(242,277)	(238,568)	(257,593)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	\$ 45,786	\$ 25,976	\$ 62,129	\$ (77,175)
Total Pension Liability - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	2,165,197	2,210,983	2,236,959	2,299,088
Total Pension Liability - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 2,210,983</u>	<u>\$ 2,236,959</u>	<u>\$ 2,299,088</u>	<u>\$ 2,221,913</u>
Plan Fiduciary Net Position										
Contributions - Employer	N/A	N/A	N/A	N/A	N/A	N/A	\$ 234,321	\$ 117,868	\$ 117,868	\$ 126,278
Contributions - Employee	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	71,839	19,430	49,741	130,707
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	(253,376)	(242,277)	(238,568)	(257,593)
Administrative Expenses	N/A	N/A	N/A	N/A	N/A	N/A	(5,792)	(5,037)	(4,730)	(2,004)
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	\$ 46,992	\$ (110,016)	\$ (75,689)	\$ (2,612)
Plan Fiduciary Net Position - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	1,133,657	1,180,649	1,070,633	994,944
Plan Fiduciary Net Position - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	<u>1,180,649</u>	<u>1,070,633</u>	<u>994,944</u>	<u>992,332</u>
Net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 1,030,334</u>	<u>\$ 1,166,326</u>	<u>\$ 1,304,144</u>	<u>\$ 1,229,581</u>
Plan fiduciary net position as a percentage of total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	53.40%	47.86%	43.28%	44.66%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,408	\$ 117,868	\$ 117,868	\$ 126,278	\$ 126,278
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,321	\$ 117,868	\$ 117,868	\$ 126,278	\$ 126,278
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (140,913)	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2018

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	15 years
Asset valuation method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment rate of return	7.50%
Retirement age	Any remaining actives are assumed to retire immediately
Mortality	For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All Tables are projected with Scale BB.

*Information prior to 2014 is unavailable

Old Hire Police Pension Plan Required Supplementary Information

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Pension Liability										
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
Interest	N/A	N/A	N/A	N/A	N/A	N/A	199,962	205,124	216,400	210,904
Changes in Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	153,187	-	137,606	-
Differences Between Expected and Actual Expe	N/A	N/A	N/A	N/A	N/A	N/A	-	(29,987)	-	52,524
Changes of Assumptions	N/A	N/A	N/A	N/A	N/A	N/A	-	114,413	-	-
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	(290,415)	(278,021)	(275,542)	(304,342)
Net Change in Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	\$ 62,734	\$ 11,529	\$ 78,464	\$ (40,914)
Total Pension Liability - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	2,808,749	2,871,483	2,883,012	2,961,476
Total Pension Liability - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 2,871,483</u>	<u>\$ 2,883,012</u>	<u>\$ 2,961,476</u>	<u>\$ 2,920,562</u>
Plan Fiduciary Net Position										
Contributions - Employer	N/A	N/A	N/A	N/A	N/A	N/A	\$ 253,957	\$ 110,495	\$ 110,495	\$ 122,870
Contributions - Employee	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	108,853	29,792	77,637	204,149
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	(290,415)	(278,021)	(275,542)	(304,342)
Administrative Expenses	N/A	N/A	N/A	N/A	N/A	N/A	(6,641)	(2,741)	(5,561)	(2,004)
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	\$ 65,754	\$ (140,475)	\$ (92,971)	\$ 20,673
Plan Fiduciary Net Position - Beginning of Year	N/A	N/A	N/A	N/A	N/A	N/A	1,686,526	1,752,280	1,611,805	1,518,834
Plan Fiduciary Net Position - End of Year	N/A	N/A	N/A	N/A	N/A	N/A	<u>1,752,280</u>	<u>1,611,805</u>	<u>1,518,834</u>	<u>1,539,507</u>
Net pension liability (asset)	N/A	N/A	N/A	N/A	N/A	N/A	<u>\$ 1,119,203</u>	<u>\$ 1,271,207</u>	<u>\$ 1,442,642</u>	<u>\$ 1,381,055</u>
Plan fiduciary net position as a percentage of total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	61.02%	55.91%	51.29%	52.71%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

City of Durango, Colorado
Required Supplementary Information
For the Year Ended December 31, 2018

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,210	\$ 110,495	\$ 110,495	\$ 122,870	\$ 122,870
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,957	\$ 110,495	\$ 110,495	\$ 122,870	\$ 122,870
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (147,747)	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Information prior to 2014 is unavailable

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

Methods and assumptions used to determine contribution rates:

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

City of Durango, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Required Supplementary Information
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Property taxes	\$ 2,977,258	\$ 2,977,258	\$ 2,692,041	\$ (285,217)	\$ 1,283,416
Specific Ownership Taxes	115,000	115,000	285,434	170,434	141,411
Sales taxes	16,165,000	16,165,000	15,873,878	(291,122)	15,581,172
Use taxes	1,200,000	1,200,000	1,074,400	(125,600)	1,194,087
Sales and use tax audit	150,000	150,000	132,797	(17,203)	349,562
La Plata Count shared sales tax	4,315,700	4,315,700	4,045,539	(270,161)	4,077,966
La Plata County joint sales tax	2,071,354	2,071,354	2,097,138	25,784	2,063,007
Cigarette tax	100,000	100,000	85,420	(14,580)	89,791
Franchise fees and occupational taxes	1,843,000	1,843,000	1,672,067	(170,933)	1,722,803
Special assessments	50,000	50,000	12,971	(37,029)	19,156
Intergovernmental	2,050,053	2,753,258	2,891,022	137,764	2,624,383
Licenses and permits	915,500	915,500	759,016	(156,484)	909,858
Charges for services	5,699,932	5,699,932	5,047,270	(652,662)	4,808,854
Fines and forfeitures	313,000	313,000	186,064	(126,936)	188,606
Investment earnings	135,000	135,000	80,399	(54,601)	14,644
Miscellaneous	1,363,050	1,370,829	1,211,000	(159,829)	1,173,382
Total Revenues	39,463,847	40,174,831	38,146,456	(2,028,375)	36,242,098
Expenditures					
Current					
General government	8,130,766	8,231,438	7,816,690	414,748	7,625,386
Public safety	14,562,811	15,041,295	14,551,095	490,200	12,335,341
Public works	3,649,901	3,649,901	3,231,843	418,058	3,217,249
Parks and recreation	8,022,590	8,074,602	7,018,179	1,056,423	6,438,685
Library	2,316,467	2,316,467	2,275,892	40,575	2,198,153
Community services	881,853	1,579,660	1,168,207	411,453	1,323,105
Non-departmental	1,678,381	1,810,503	1,684,325	126,178	1,563,947
Principal retirement	100,000	100,000	105,000	(5,000)	100,000
Interest and fiscal charges	84,000	84,000	84,000	-	87,500
Total Expenditures	39,426,769	40,887,866	37,935,231	2,952,635	34,889,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,078	(713,035)	211,225	924,260	1,352,732
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	6,090	(18,910)	21,718
Transfers in	778,038	778,038	742,974	(35,064)	717,488
Transfers out	(597,000)	(597,000)	-	597,000	(2,175,000)
Total Other Financing Sources (Uses)	206,038	206,038	749,064	543,026	(1,435,794)
Net Change in Fund Balances	\$ 243,116	\$ (506,997)	960,289	\$ 1,467,286	(83,062)
Fund Balances Beginning of Year			6,468,749		6,550,249
Increase in Reserve for Inventory			18,341		1,562
Fund Balances End of Year			\$ 7,447,379		\$ 6,468,749

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



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

2015 Sales Tax Fund – to account for the one-half cent sales and use tax revenues originally voted on and adopted by the electorate in April 1999 and reauthorized in April of 2015. The revenues may only be used to pay the debt service on the Sales and Use Tax Revenue Bonds, series 2008, for Parks and Recreation and Multi Modal projects and operations.

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

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

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

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

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

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

Debt Service Funds

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

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 268,141	\$ 418,137	\$ 686,278
Receivables			
Accounts	41,977	-	41,977
Sales and use taxes	441,423	-	441,423
Lodger's taxes	65,532	-	65,532
Total Assets	\$ 817,073	\$ 418,137	\$ 1,235,210
Liabilities and Fund Balances			
Liabilities			
Interfund payable	294,000	-	294,000
Total Liabilities	294,000	-	294,000
Fund Balances			
Restricted	188,208	418,137	606,345
Committed	293,550	-	293,550
Assigned	41,315	-	41,315
Total Fund Balances	523,073	418,137	941,210
Total Liabilities and Fund Balances	\$ 817,073	\$ 418,137	\$ 1,235,210

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Sales taxes	\$ 3,969,148	\$ -	\$ 3,969,148
Use taxes	268,641	-	268,641
Lodgers' taxes	1,035,151	-	1,035,151
Intergovernmental	188,402	-	188,402
Licenses and permits	10,500	-	10,500
Investment earnings	5,021	-	5,021
Miscellaneous	341,244	-	341,244
Total Revenues	<u>5,818,107</u>	<u>-</u>	<u>5,818,107</u>
Expenditures			
Current			
General government	8	-	8
Economic development	724,246	-	724,246
Debt Service			
Principal retirement	-	3,065,000	3,065,000
Interest and fiscal charges	-	553,233	553,233
Total Expenditures	<u>724,254</u>	<u>3,618,233</u>	<u>4,342,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,093,853</u>	<u>(3,618,233)</u>	<u>1,475,620</u>
Other Financing Sources (Uses)			
Transfers in	-	3,518,914	3,518,914
Transfers out	(5,419,523)	-	(5,419,523)
Total Other Financing Sources (Uses)	<u>(5,419,523)</u>	<u>3,518,914</u>	<u>(1,900,609)</u>
Net Change in Fund Balances	(325,670)	(99,319)	(424,989)
Fund Balances Beginning of Year	<u>848,743</u>	<u>517,456</u>	<u>1,366,199</u>
Fund Balances End of Year	<u>\$ 523,073</u>	<u>\$ 418,137</u>	<u>\$ 941,210</u>

City of Durango, Colorado
General Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash on hand	\$ 7,635	\$ 8,049
Equity in treasurer's cash and investments	5,078,615	4,120,576
Cash held in escrow	663,947	567,561
Receivables:		
Accounts receivable	214,872	272,922
Property taxes	2,720,674	1,349,839
Sales and use taxes receivable	1,765,426	1,772,689
Franchise taxes	75,390	71,723
Special assessments	5,550	6,347
Intergovernmental receivables	919,310	769,924
Interest	170,403	121,590
Interfund	821,000	966,000
Inventory	69,880	51,539
Total Assets	<u>\$ 12,512,702</u>	<u>\$ 10,078,759</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 772,862	\$ 700,566
Accrued expenditures	617,981	589,781
Deposits	781,712	770,391
Unearned revenue	172,094	199,433
Total Liabilities	<u>2,344,649</u>	<u>2,260,171</u>
Deferred Inflows of Resources		
Property taxes	2,720,674	1,349,839
Total Deferred Inflows of Resources	<u>2,720,674</u>	<u>1,349,839</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 5,065,323</u>	<u>\$ 3,610,010</u>
Fund Balances		
Nonspendable	69,880	51,539
Restricted	1,580,768	1,479,416
Committed	124,197	146,407
Assigned	1,088,811	684,432
Unassigned	4,583,723	4,106,955
Total Fund Balances	<u>7,447,379</u>	<u>6,468,749</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,512,702</u>	<u>\$ 10,078,759</u>

City of Durango, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Taxes:					
Property	\$ 2,977,258	\$ 2,977,258	\$ 2,692,041	\$ (285,217)	\$ 1,283,416
Specific ownership	115,000	115,000	285,434	170,434	141,411
Sales tax	16,165,000	16,165,000	15,873,878	(291,122)	15,581,172
Use tax	1,200,000	1,200,000	1,074,400	(125,600)	1,194,087
Sales and use tax audit	150,000	150,000	132,797	(17,203)	349,562
La Plata County sales tax	4,315,700	4,315,700	4,045,539	(270,161)	4,077,966
Joint sales tax	2,071,354	2,071,354	2,097,138	25,784	2,063,007
Cigarette tax	100,000	100,000	85,420	(14,580)	89,791
Franchise and business tax	1,843,000	1,843,000	1,672,067	(170,933)	1,722,803
Total Taxes	28,937,312	28,937,312	27,958,714	(978,598)	26,503,215
Licenses and Permits:					
Business license and permits	464,500	464,500	357,920	(106,580)	402,816
Building permits	451,000	451,000	401,096	(49,904)	507,042
Total Licenses and Permits	915,500	915,500	759,016	(156,484)	909,858
Intergovernmental:					
Grants	79,053	782,258	783,635	1,377	674,723
Highway user tax	530,000	530,000	659,294	129,294	532,974
Severance/mineral lease	300,000	300,000	193,733	(106,267)	152,188
Motor vehicle registration	66,000	66,000	62,265	(3,735)	64,891
Road and bridge	185,000	185,000	194,820	9,820	186,422
Other intergovernmental	890,000	890,000	997,275	107,275	1,013,185
Total Intergovernmental	2,050,053	2,753,258	2,891,022	137,764	2,624,383
Charges for Services:					
General government charges	258,750	258,750	213,836	(44,914)	209,355
Public safety charges	77,500	77,500	44,786	(32,714)	42,405
Cemetery charges	70,500	70,500	80,450	9,950	55,375
Recreation Center charges	2,577,240	2,577,240	2,303,655	(273,585)	2,161,301
Recreation program charges	1,544,772	1,544,772	1,221,577	(323,195)	1,018,569
Total Charges for Services	4,528,762	4,528,762	3,864,304	(664,458)	3,487,005
Fines and Forfeits:					
Traffic fines	225,000	225,000	140,168	(84,832)	129,849
Non-traffic fines	65,000	65,000	20,079	(44,921)	36,270
Library fines	23,000	23,000	25,817	2,817	22,487
Total Fines and Forfeits	313,000	313,000	186,064	(126,936)	188,606
Special assessments	50,000	50,000	12,971	(37,029)	19,156
Miscellaneous					
Pension forfeitures	100,000	100,000	121,595	21,595	93,476
Rents and royalties	460,000	460,000	332,923	(127,077)	331,155
Contributions and donations	295,300	295,300	191,495	(103,805)	187,767
Other miscellaneous	507,750	515,529	564,987	49,458	560,984
Total Miscellaneous	1,363,050	1,370,829	1,211,000	(159,829)	1,173,382
Services provided	1,171,170	1,171,170	1,182,966	11,796	1,321,849
Investment earnings	135,000	135,000	80,399	(54,601)	14,644
Total Revenues	39,463,847	40,174,831	38,146,456	(2,028,375)	36,242,098
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	6,090	(18,910)	21,718
Transfers in	778,038	778,038	742,974	(35,064)	717,488
Total Other Financing Sources (Uses)	803,038	803,038	749,064	(53,974)	739,206
Total Revenues and Other Financing Sources	\$ 40,266,885	\$ 40,977,869	\$ 38,895,520	\$ (2,082,349)	\$ 36,981,304

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
General Government					
Legislative					
City council	\$ 268,090	\$ 268,090	\$ 272,169	\$ (4,079)	\$ 246,680
City boards	-	-	-	-	6,709
Total Legislative	<u>268,090</u>	<u>268,090</u>	<u>272,169</u>	<u>(4,079)</u>	<u>253,389</u>
Executive and Legal					
City manager	667,875	667,875	657,716	10,159	641,120
City attorney	377,090	377,090	355,150	21,940	336,140
Total Executive and Legal	<u>1,044,965</u>	<u>1,044,965</u>	<u>1,012,866</u>	<u>32,099</u>	<u>977,260</u>
Administrative					
Human resources	546,304	546,304	418,873	127,431	422,835
City clerk	636,197	636,197	614,959	21,238	609,743
Public Information	290,250	290,250	275,391	14,859	254,078
Total Administrative	<u>1,472,751</u>	<u>1,472,751</u>	<u>1,309,223</u>	<u>163,528</u>	<u>1,286,656</u>
Finance					
Accounting	842,774	842,774	908,128	(65,354)	993,178
Finance	336,556	336,556	340,145	(3,589)	245,160
Information systems	1,913,926	1,913,926	1,867,599	46,327	1,805,078
Municipal court	304,555	304,555	248,293	56,262	272,738
Total Finance	<u>3,397,811</u>	<u>3,397,811</u>	<u>3,364,165</u>	<u>33,646</u>	<u>3,316,154</u>
Community Development					
Planning	1,645,351	1,746,023	1,559,527	186,496	1,501,948
Code enforcement	204,104	204,104	202,661	1,443	194,599
Total Community Development	<u>1,849,455</u>	<u>1,950,127</u>	<u>1,762,188</u>	<u>187,939</u>	<u>1,696,547</u>
Total General Government	<u>8,033,072</u>	<u>8,133,744</u>	<u>7,720,611</u>	<u>413,133</u>	<u>7,530,006</u>
Public Safety					
Police					
Administration	2,580,838	2,939,155	2,534,244	404,911	2,324,131
Operations	4,942,289	4,942,289	4,864,441	77,848	4,730,394
Total Police	<u>7,523,127</u>	<u>7,881,444</u>	<u>7,398,685</u>	<u>482,759</u>	<u>7,054,525</u>
911 Communications	1,683,947	1,683,947	1,638,953	44,994	1,540,767
Fire					
Fire services	5,355,737	5,475,904	5,513,457	(37,553)	3,740,049
Total Public Safety	<u>14,562,811</u>	<u>15,041,295</u>	<u>14,551,095</u>	<u>490,200</u>	<u>12,335,341</u>

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Works					
Engineering	874,441	874,441	797,710	76,731	751,353
Street maintenance	1,624,549	1,624,549	1,493,779	130,770	1,518,009
Snow and ice	785,203	785,203	598,568	186,635	612,117
Street cleaning	365,708	365,708	341,786	23,922	335,770
Total Public Works	<u>3,649,901</u>	<u>3,649,901</u>	<u>3,231,843</u>	<u>418,058</u>	<u>3,217,249</u>
Parks and Recreation					
Parks and recreation administration	451,624	451,624	451,645	(21)	421,694
Recreation administration	249,894	249,894	222,218	27,676	233,157
Recreation programs	990,934	990,934	839,800	151,134	808,342
Cemetery	381,860	381,860	301,669	80,191	329,926
Parks	2,952,752	3,004,764	2,478,247	526,517	2,038,022
Recreation center	2,529,038	2,529,038	2,319,971	209,067	2,189,237
Chapman Hill	466,488	466,488	404,629	61,859	418,307
Total Parks and Recreation	<u>8,022,590</u>	<u>8,074,602</u>	<u>7,018,179</u>	<u>1,056,423</u>	<u>6,438,685</u>
Library	2,316,467	2,316,467	2,275,892	40,575	2,198,153
Community Services	881,853	1,579,660	1,168,207	411,453	1,323,105
Non-Departmental					
Miscellaneous	1,632,689	1,764,811	1,141,267	623,544	3,230,898
Buildings and plant	826,692	826,692	732,058	94,634	695,549
Durango Welcome Center	97,694	97,694	96,079	1,615	95,380
Total Non-Departmental	<u>2,557,075</u>	<u>2,689,197</u>	<u>1,969,404</u>	<u>719,793</u>	<u>4,021,827</u>
	<u>2,557,075</u>	<u>2,689,197</u>	<u>1,969,404</u>	<u>719,793</u>	<u>4,021,827</u>
Total Expenditures	<u>\$ 40,023,769</u>	<u>\$ 41,484,866</u>	<u>\$ 37,935,231</u>	<u>\$ 3,549,635</u>	<u>\$ 37,064,366</u>

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Recreation Complex/Trails	Revolving Loan	Durango Tourism	Parks & Recreation Development
Assets				
Equity in treasurer's cash and investments	\$ 36,767	\$ -	\$ 167,381	\$ 49,332
Receivables				
Accounts	-	41,315	-	662
Sales taxes	441,423	-	-	-
Lodger's taxes	-	-	65,532	-
Total Assets	\$ 478,190	\$ 41,315	\$ 232,913	\$ 49,994
Liabilities and Fund Balances				
Liabilities				
Interfund payable	294,000	-	-	-
Total Liabilities	294,000	-	-	-
Fund Balances				
Restricted	184,190	-	-	-
Committed	-	-	232,913	49,994
Assigned	-	41,315	-	-
Total Fund Balances	184,190	41,315	232,913	49,994
Total Liabilities and Fund Balances	\$ 478,190	\$ 41,315	\$ 232,913	\$ 49,994

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
\$ 4,018	\$ 3,008	\$ 7,635	\$ 268,141
-	-	-	41,977
-	-	-	441,423
-	-	-	65,532
<u>\$ 4,018</u>	<u>\$ 3,008</u>	<u>\$ 7,635</u>	<u>\$ 817,073</u>
-	-	-	294,000
-	-	-	294,000
4,018	-	-	188,208
-	3,008	7,635	293,550
-	-	-	41,315
<u>4,018</u>	<u>3,008</u>	<u>7,635</u>	<u>523,073</u>
<u>\$ 4,018</u>	<u>\$ 3,008</u>	<u>\$ 7,635</u>	<u>\$ 817,073</u>

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Recreation Complex/Trails	Revolving Loan	Durango Tourism	Parks & Recreation Development
Revenues				
Sales taxes	\$ 3,969,148	\$ -	\$ -	\$ -
Use taxes	268,641	-	-	-
Lodgers taxes	-	-	1,035,151	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	10,500
Investment earnings	1,168	-	-	684
Miscellaneous	-	1,269	-	31,166
Total Revenues	<u>4,238,957</u>	<u>1,269</u>	<u>1,035,151</u>	<u>42,350</u>
Expenditures				
Current				
General government	-	8	-	-
Economic development	-	-	724,246	-
Total Expenditures	<u>-</u>	<u>8</u>	<u>724,246</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,238,957</u>	<u>1,261</u>	<u>310,905</u>	<u>42,350</u>
Other Financing Sources (Uses)				
Transfers out	(4,279,523)	-	(350,000)	(30,000)
Total Other Financing Sources (Uses)	<u>(4,279,523)</u>	<u>-</u>	<u>(350,000)</u>	<u>(30,000)</u>
Net Change in Fund Balances	(40,566)	1,261	(39,095)	12,350
Fund Balances Beginning of Year	<u>224,756</u>	<u>40,054</u>	<u>272,008</u>	<u>37,644</u>
Fund Balances End of Year	<u>\$ 184,190</u>	<u>\$ 41,315</u>	<u>\$ 232,913</u>	<u>\$ 49,994</u>

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,969,148
-	-	-	268,641
-	-	-	1,035,151
188,402	-	-	188,402
-	-	-	10,500
2,879	161	129	5,021
-	308,809	-	341,244
<u>191,281</u>	<u>308,970</u>	<u>129</u>	<u>5,818,107</u>
-	-	-	8
-	-	-	<u>724,246</u>
-	-	-	724,254
<u>191,281</u>	<u>308,970</u>	<u>129</u>	<u>5,093,853</u>
<u>(390,000)</u>	<u>(370,000)</u>	<u>-</u>	<u>(5,419,523)</u>
<u>(390,000)</u>	<u>(370,000)</u>	<u>-</u>	<u>(5,419,523)</u>
<u>(198,719)</u>	<u>(61,030)</u>	<u>129</u>	<u>(325,670)</u>
<u>202,737</u>	<u>64,038</u>	<u>7,506</u>	<u>848,743</u>
<u>\$ 4,018</u>	<u>\$ 3,008</u>	<u>\$ 7,635</u>	<u>\$ 523,073</u>

City of Durango, Colorado
Recreation Complex and Trails Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Equity in treasurer's cash and investments	\$ 36,767	\$ 517
Sales and use taxes receivable	441,423	443,239
Total Assets	\$ 478,190	\$ 443,756
Liabilities and Fund Balances		
Liabilities		
Interfund payable	294,000	219,000
Total Liabilities	294,000	219,000
Fund Balances		
Restricted	184,190	224,756
Total Fund Balances	184,190	224,756
Total Liabilities and Fund Balances	\$ 478,190	\$ 443,756

City of Durango, Colorado
Recreation Complex and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance Favorable (Unfavorable)	2017
	Original Budget	Final Budget	Actual		Actual
Revenues					
Sales taxes	\$ 4,013,180	\$ 4,013,180	\$ 3,969,148	\$ (44,032)	\$ 3,895,780
Use taxes	320,000	320,000	268,641	(51,359)	298,567
Investment earnings	45,000	45,000	1,168	(43,832)	16,169
Total Revenues	<u>4,378,180</u>	<u>4,378,180</u>	<u>4,238,957</u>	<u>(139,223)</u>	<u>4,210,516</u>
Other Financing Sources (Uses)					
Transfers out	(4,537,877)	(4,637,877)	(4,279,523)	358,354	(7,044,438)
Net Change in Fund Balances	<u>\$ (159,697)</u>	<u>\$ (259,697)</u>	<u>(40,566)</u>	<u>\$ 219,131</u>	<u>(2,833,922)</u>
Fund Balances Beginning of Year			<u>224,756</u>		<u>3,058,678</u>
Fund Balances End of Year			<u>\$ 184,190</u>		<u>\$ 224,756</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Loan Receivables	\$ 41,315	\$ 40,054
Total Assets	<u>\$ 41,315</u>	<u>\$ 40,054</u>
Liabilities and Fund Balances		
Fund Balances		
Assigned	<u>41,315</u>	<u>40,054</u>
Total Fund Balances	<u>41,315</u>	<u>40,054</u>
Total Liabilities and Fund Balances	<u>\$ 41,315</u>	<u>\$ 40,054</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Miscellaneous	\$ 1,269	\$ 27,992
Expenditures		
Current		
General government	8	1,354
Total Expenditures	<u>8</u>	<u>1,354</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	1,261	26,638
Fund Balances Beginning of Year	<u>40,054</u>	<u>13,416</u>
Fund Balances End of Year	<u><u>\$ 41,315</u></u>	<u><u>\$ 40,054</u></u>

City of Durango, Colorado
Durango Tourism Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Equity in treasurer's cash and investments	\$ 167,381	\$ 210,595
Lodger's taxes receivable	65,532	61,413
Total Assets	\$ 232,913	\$ 272,008
Liabilities and Fund Balances		
Fund Balances		
Committed	232,913	272,008
Total Fund Balances	232,913	272,008
Total Liabilities and Fund Balances	\$ 232,913	\$ 272,008

City of Durango, Colorado
Durango Tourism Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance Favorable (Unfavorable)	2017
	Original Budget	Final Budget	Actual		Actual
Revenues					
Lodgers taxes	\$ 1,183,000	\$ 1,183,000	\$ 1,035,151	\$ (147,849)	\$ 1,067,684
Total Revenues	<u>1,183,000</u>	<u>1,183,000</u>	<u>1,035,151</u>	<u>(147,849)</u>	<u>1,067,684</u>
Expenditures					
Economic development	704,450	704,450	724,246	(19,796)	706,821
Total Expenditures	<u>704,450</u>	<u>704,450</u>	<u>724,246</u>	<u>(19,796)</u>	<u>706,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>478,550</u>	<u>478,550</u>	<u>310,905</u>	<u>(167,645)</u>	<u>360,863</u>
Other Financing Sources (Uses)					
Transfers out	(370,000)	(370,000)	(350,000)	20,000	(315,000)
Net Change in Fund Balances	<u>\$ 108,550</u>	<u>\$ 108,550</u>	<u>(39,095)</u>	<u>\$ (147,645)</u>	<u>45,863</u>
Fund Balances Beginning of Year			<u>272,008</u>		<u>226,145</u>
Fund Balances End of Year			<u>\$ 232,913</u>		<u>\$ 272,008</u>

City of Durango, Colorado
Parks and Recreation Development Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Equity in treasurer's cash and investments	\$ 49,332	\$ 37,644
Loan Receivables	662	-
Total Assets	\$ 49,994	\$ 37,644
Liabilities and Fund Balances		
Fund Balances		
Committed	49,994	37,644
Total Fund Balances	49,994	37,644
Total Liabilities and Fund Balances	\$ 49,994	\$ 37,644

City of Durango, Colorado
Parks and Recreation Development Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance Favorable (Unfavorable)	2017
	Original Budget	Final Budget	Actual		Actual
Revenues					
Licenses and permits	\$ 10,000	\$ 10,000	\$ 10,500	\$ 500	\$ 10,500
Investment earnings	2,500	2,500	684	(1,816)	1,581
Miscellaneous	15,000	15,000	31,166	16,166	17,858
Total Revenues	<u>27,500</u>	<u>27,500</u>	<u>42,350</u>	<u>14,850</u>	<u>29,939</u>
Other Financing Sources (Uses)					
Transfers out	-	(30,000)	(30,000)	-	(150,000)
Net Change in Fund Balances	<u>\$ 27,500</u>	<u>\$ (2,500)</u>	<u>12,350</u>	<u>\$ 14,850</u>	<u>(120,061)</u>
Fund Balances Beginning of Year			<u>37,644</u>		<u>157,705</u>
Fund Balances End of Year			<u>\$ 49,994</u>		<u>\$ 37,644</u>

City of Durango, Colorado
Conservation Trust Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurer's cash and investments	\$ 4,018	\$ 202,737
Total Assets	<u>\$ 4,018</u>	<u>\$ 202,737</u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	<u>4,018</u>	<u>202,737</u>
Total Fund Balances	<u>4,018</u>	<u>202,737</u>
Total Liabilities and Fund Balances	<u>\$ 4,018</u>	<u>\$ 202,737</u>

City of Durango, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance Favorable (Unfavorable)	2017
	Original Budget	Final Budget	Actual		Actual
Revenues					
Intergovernmental	\$ 185,000	\$ 185,000	\$ 188,402	\$ 3,402	\$ 180,638
Investment earnings	8,000	8,000	2,879	(5,121)	1,823
Total Revenues	<u>193,000</u>	<u>193,000</u>	<u>191,281</u>	<u>(1,719)</u>	<u>182,461</u>
Other Financing Sources (Uses)					
Transfers out	-	(440,000)	(390,000)	50,000	(200,000)
Net Change in Fund Balances	<u>\$ 193,000</u>	<u>\$ (247,000)</u>	<u>(198,719)</u>	<u>\$ 48,281</u>	<u>(17,539)</u>
Fund Balances Beginning of Year			<u>202,737</u>		<u>220,276</u>
Fund Balances End of Year			<u>\$ 4,018</u>		<u>\$ 202,737</u>

City of Durango, Colorado
Road Impact Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurer's cash and investments	\$ 3,008	\$ 64,038
Total Assets	<u>\$ 3,008</u>	<u>\$ 64,038</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>3,008</u>	<u>64,038</u>
Total Fund Balances	<u>3,008</u>	<u>64,038</u>
Total Liabilities and Fund Balances	<u>\$ 3,008</u>	<u>\$ 64,038</u>

City of Durango, Colorado
Road Impact Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Investment earnings	\$ 3,000	\$ 3,000	\$ 161	\$ (2,839)	\$ (583)
Miscellaneous	450,000	450,000	308,809	(141,191)	465,780
Total Revenues	<u>453,000</u>	<u>453,000</u>	<u>308,970</u>	<u>(144,030)</u>	<u>465,197</u>
Other Financing Sources (Uses)					
Transfers out	(500,000)	(500,000)	(370,000)	130,000	(400,000)
Net Change in Fund Balances	<u>\$ (47,000)</u>	<u>\$ (47,000)</u>	(61,030)	<u>\$ (14,030)</u>	65,197
Fund Balances Beginning of Year			64,038		(1,159)
Fund Balances End of Year			<u>\$ 3,008</u>		<u>\$ 64,038</u>

City of Durango, Colorado
Storm Drainage Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurer's cash and investments	\$ 7,635	\$ 7,506
Total Assets	<u>\$ 7,635</u>	<u>\$ 7,506</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>7,635</u>	<u>7,506</u>
Total Fund Balances	<u>7,635</u>	<u>7,506</u>
Total Liabilities and Fund Balances	<u>\$ 7,635</u>	<u>\$ 7,506</u>

City of Durango, Colorado
Storm Drainage Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)	\$ 50
Investment earnings	500	500	129	(371)	45
Total Revenues	<u>1,500</u>	<u>1,500</u>	129	(1,371)	<u>95</u>
Net Change in Fund Balances	<u>\$ 1,500</u>	<u>\$ 1,500</u>	129	<u>\$ (1,371)</u>	95
Fund Balances Beginning of Year			7,506		7,411
Fund Balances End of Year			<u>\$ 7,635</u>		<u>\$ 7,506</u>

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018

	Sales Tax Bonds Debt Service Funds	2007 Sales Tax Bonds Debt Service Fund	Total Nonmajor Debt Service Funds
Assets			
Equity in treasurers cash and investments	\$ 191	\$ 417,946	\$ 418,137
	191	417,946	418,137
Fund balances			
Restricted	\$ 191	\$ 417,946	\$ 418,137
	191	417,946	418,137

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018

	<u>Sales Tax Bonds Debt Service Funds</u>	<u>2007 Sales Tax Bonds Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
Expenditures			
Debt Service			
Principal retirement	\$ 1,135,000	\$ 1,930,000	\$ 3,065,000
Interest and fiscal charges	48,238	504,995	553,233
Total Expenditures	<u>1,183,238</u>	<u>2,434,995</u>	<u>3,618,233</u>
Other financing sources (uses)			
Transfers in	<u>1,084,633</u>	<u>2,434,281</u>	<u>3,518,914</u>
Total Other Financing Sources (Uses)	<u>1,084,633</u>	<u>2,434,281</u>	<u>3,518,914</u>
Net Change in Fund Balances	(98,605)	(714)	(99,319)
Fund Balances Beginning of Year	<u>98,796</u>	<u>418,660</u>	<u>517,456</u>
Fund Balances End of Year	<u>\$ 191</u>	<u>\$ 417,946</u>	<u>\$ 418,137</u>

City of Durango, Colorado
Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurers cash and investments	\$ 191	\$ 98,796
Fund balances		
Restricted	\$ 191	\$ 98,796

City of Durango, Colorado
Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Expenditures		
Debt Service		
Principal retirement	\$ 1,135,000	\$ 1,085,000
Interest and fiscal charges	48,238	91,638
Total Expenditures	1,183,238	1,176,638
Other financing sources (uses)		
Transfers in	1,084,633	1,177,188
Total Other Financing Sources (Uses)	1,084,633	1,177,188
Net Change in Fund Balances	(98,605)	550
Fund Balances Beginning of Year	98,796	98,246
Fund Balances End of Year	\$ 191	\$ 98,796

City of Durango, Colorado
2007 Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurers cash and investments	\$ 417,946	\$ 418,660
Fund balances		
Restricted	\$ 417,946	\$ 418,660

City of Durango, Colorado
2007 Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Expenditures		
Debt Service		
General government	\$ -	\$ 43,450
Principal retirement	1,930,000	1,780,000
Interest and fiscal charges	504,995	689,362
Total Expenditures	2,434,995	2,512,812
Other financing sources (uses)		
Issuance of debt	-	10,310,000
Payments to escrow agent	-	(10,258,338)
Transfers in	2,434,281	2,571,701
Total Other Financing Sources (Uses)	2,434,281	2,623,363
Net Change in Fund Balances	(714)	110,551
Fund Balances Beginning of Year	418,660	308,109
Fund Balances End of Year	\$ 417,946	\$ 418,660

City of Durango, Colorado
Capital Projects Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Equity in treasurer's cash and investments	\$ 7,779,574	\$ 9,405,470
Receivables:		
Intergovernmental receivables	547,523	-
Total Assets	<u>\$ 8,327,097</u>	<u>\$ 9,405,470</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 538,232	\$ 241,912
Total Liabilities	<u>\$ 538,232</u>	<u>\$ 241,912</u>
Fund Balances		
Committed	7,788,865	9,163,558
Total Fund Balances	<u>7,788,865</u>	<u>9,163,558</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,327,097</u>	<u>\$ 9,405,470</u>

City of Durango, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Intergovernmental	\$ 552,192	\$ 827,192	\$ 598,062	\$ (229,130)	\$ 139,728
Investment earnings	75,000	75,000	154,130	79,130	72,005
Miscellaneous	-	14,492	14,493	1	2,500
Total Revenues	<u>627,192</u>	<u>916,684</u>	<u>766,685</u>	<u>(149,999)</u>	<u>214,233</u>
Expenditures					
General government	175,000	419,673	275,192	144,481	546,862
Public works	650,000	3,243,835	1,161,267	2,082,568	1,531,073
Parks and recreation	3,631,000	13,990,775	4,167,986	9,822,789	2,177,883
Total Expenditures	<u>4,456,000</u>	<u>17,654,283</u>	<u>5,604,445</u>	<u>12,049,838</u>	<u>4,255,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,828,808)</u>	<u>(16,737,599)</u>	<u>(4,837,760)</u>	<u>11,899,839</u>	<u>(4,041,585)</u>
Other Financing Sources (Uses)					
Transfers in	3,675,808	4,372,590	3,463,067	(909,523)	7,853,540
Transfers out	-	-	-	-	(180,024)
Total Other Financing Sources (Uses)	<u>3,675,808</u>	<u>4,372,590</u>	<u>3,463,067</u>	<u>(909,523)</u>	<u>7,673,516</u>
Net Change in Fund Balances	<u>\$ (153,000)</u>	<u>\$ (12,365,009)</u>	<u>(1,374,693)</u>	<u>\$ 10,990,316</u>	<u>3,631,931</u>
Fund Balances Beginning of Year			<u>9,163,558</u>		<u>5,531,627</u>
Fund Balances End of Year			<u>\$ 7,788,865</u>		<u>\$ 9,163,558</u>

City of Durango, Colorado
Capital Improvements Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Equity in treasurer's cash and investments	\$ 5,640	\$ 961
Receivables:		
Sales and use taxes receivable	220,579	221,486
Total Assets	\$ 226,219	\$ 222,447
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Interfund payable	\$ 221,000	\$ 291,000
Total Liabilities	\$ 221,000	\$ 291,000
Fund Balances		
Restricted	5,219	-
Unassigned	-	(68,553)
Total Fund Balances	5,219	(68,553)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 226,219	\$ 222,447

City of Durango, Colorado
Capital Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			2017	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues					
Sales taxes	\$ 1,954,835	\$ 1,954,835	\$ 1,983,384	\$ 28,549	\$ 1,946,721
Use taxes	164,150	164,150	134,239	(29,911)	149,193
Investment earnings	10,000	10,000	20,430	10,430	12,908
Total Revenues	<u>2,128,985</u>	<u>2,128,985</u>	<u>2,138,053</u>	<u>9,068</u>	<u>2,108,822</u>
Other Financing Sources (Uses)					
Transfers in	500,000	500,000	370,000	(130,000)	650,000
Transfers out	(2,499,925)	(2,499,925)	(2,434,281)	65,644	(2,571,701)
Total Other Financing Sources (Uses)	<u>(1,999,925)</u>	<u>(1,999,925)</u>	<u>(2,064,281)</u>	<u>(64,356)</u>	<u>(1,921,701)</u>
Net Change in Fund Balances	<u>\$ 129,060</u>	<u>\$ 129,060</u>	73,772	<u>\$ (55,288)</u>	187,121
Fund Balances Beginning of Year			<u>(68,553)</u>		<u>(255,674)</u>
Fund Balances End of Year			<u>\$ 5,219</u>		<u>\$ (68,553)</u>

City of Durango, Colorado
Parks, Open Space and Trails Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Equity in treasurer's cash and investments	\$ 2,070,700	\$ 207,287
Receivables:		
Sales and use taxes receivable	220,579	221,486
Intergovernmental receivables	-	394,518
Total Assets	\$ 2,291,279	\$ 823,291
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 93,797	\$ 144,416
Total Liabilities	\$ 93,797	\$ 144,416
Fund Balances		
Restricted	2,197,482	678,875
Total Fund Balances	2,197,482	678,875
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,291,279	\$ 823,291

City of Durango, Colorado
Parks, Open Space and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 1,954,835	\$ 1,954,835	\$ 1,983,384	\$ 28,549	\$ 1,946,721
Use taxes	164,150	164,150	134,239	(29,911)	149,193
Intergovernmental	-	-	296,265	296,265	892,353
Investment earnings	30,000	30,000	16,111	(13,889)	15,354
Miscellaneous	-	-	-	-	300,635
Total Revenues	<u>2,148,985</u>	<u>2,148,985</u>	<u>2,429,999</u>	<u>281,014</u>	<u>3,304,256</u>
Expenditures					
Capital Outlay	1,625,000	2,632,397	420,241	2,212,156	5,948,601
Total Expenditures	<u>1,625,000</u>	<u>2,632,397</u>	<u>420,241</u>	<u>2,212,156</u>	<u>5,948,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>523,985</u>	<u>(483,412)</u>	<u>2,009,758</u>	<u>2,493,170</u>	<u>(2,644,345)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	530,024
Transfers out	(364,369)	(491,151)	(491,151)	-	(713,778)
Total Other Financing Sources (Uses)	<u>(364,369)</u>	<u>(491,151)</u>	<u>(491,151)</u>	<u>-</u>	<u>(183,754)</u>
Net Change in Fund Balances	<u>\$ 159,616</u>	<u>\$ (974,563)</u>	<u>1,518,607</u>	<u>\$ 2,493,170</u>	<u>(2,828,099)</u>
Fund Balances Beginning of Year			<u>678,875</u>		<u>3,506,974</u>
Fund Balances End of Year			<u>\$ 2,197,482</u>		<u>\$ 678,875</u>

MAJOR ENTERPRISE FUNDS

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

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

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

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

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 17,567,096	\$ 14,262,623
Receivables		
Accounts	662,370	666,347
Intergovernmental	4,815	-
Inventory	124,509	102,700
Total Current Assets	<u>18,358,790</u>	<u>15,031,670</u>
Noncurrent Assets		
Note receivable	137,539	163,342
Capital Assets		
Land	6,575,919	6,575,919
Construction in progress	3,338,775	1,709,568
Depreciable capital assets, net	32,239,636	33,047,516
Total Noncurrent Assets	<u>42,291,869</u>	<u>41,496,345</u>
Total Assets	<u>60,650,659</u>	<u>56,528,015</u>
Liabilities		
Current Liabilities		
Accounts payable	887,908	993,854
Accrued wages	39,700	43,288
Compensated Absences - due in one year	36,921	50,027
Loan payable	186,773	183,183
Total Current Liabilities	<u>1,151,302</u>	<u>1,270,352</u>
Long Term Liabilities		
Compensated absences net of current portion	36,921	50,027
Loan payable net of current portion	2,910,599	3,097,372
Total Liabilities	<u>4,098,822</u>	<u>4,417,751</u>
Net Position		
Net investment in capital assets	39,056,958	38,052,448
Unrestricted	17,494,879	14,057,816
Total Net Position	<u>\$ 56,551,837</u>	<u>\$ 52,110,264</u>

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 6,842,851	\$ 6,627,997
Miscellaneous	194,225	157,269
Total Operating Revenues	<u>7,037,076</u>	<u>6,785,266</u>
Operating Expenses		
Administration	382,817	315,216
Source of supply	7,402	10,411
Pumping	252,009	210,037
Transmission and distribution	1,026,468	1,096,943
Treatment	926,122	833,343
Meter reading and repairs	166,959	130,716
Non-departmental	299,990	1,237,864
Payment for services	353,400	505,500
Depreciation	1,300,206	1,199,105
Total Operating Expenses	<u>4,715,373</u>	<u>5,539,135</u>
Operating Income (Loss)	<u>2,321,703</u>	<u>1,246,131</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	601	-
Intergovernmental grants	4,815	-
Investment earnings	277,341	99,674
Total Non-Operating Revenues (Expenses)	<u>282,757</u>	<u>99,674</u>
Income (Loss) Before Capital Contributions and Transfers	2,604,460	1,345,805
Capital contributions	1,864,192	4,606,350
Transfers out	(27,079)	(11,705)
Change in Net Position	4,441,573	5,940,450
Net Position Beginning of Year	<u>52,110,264</u>	<u>46,169,814</u>
Net Position End of Year	<u>\$ 56,551,837</u>	<u>\$ 52,110,264</u>

City of Durango, Colorado
Water Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 7,000,000	\$ 7,000,000	\$ 6,842,851	\$ (157,149)
Gain on disposal of assets	5,000	5,000	601	(4,399)
Plant investment fees	650,000	650,000	710,391	60,391
Miscellaneous	3,025,000	3,200,000	194,225	(3,005,775)
Intergovernmental grants	-	-	4,815	4,815
Investment earnings	180,000	180,000	277,341	97,341
Total Revenues	<u>10,860,000</u>	<u>11,035,000</u>	<u>8,030,224</u>	<u>(3,004,776)</u>
Expenditures				
Administration	407,727	407,727	382,817	24,910
Source of supply	20,200	20,200	7,402	12,798
Pumping	422,085	422,085	252,009	170,076
Transmission and distribution	1,094,126	1,094,126	1,026,468	67,658
Treatment	1,042,228	1,042,228	926,122	116,106
Meter reading and repairs	282,990	282,990	166,959	116,031
Non-departmental	6,025,115	15,707,819	1,983,831	13,723,988
Payment for services	353,400	353,400	353,400	-
Total Expenditures	<u>9,647,871</u>	<u>19,330,575</u>	<u>5,099,008</u>	<u>14,231,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,212,129</u>	<u>\$ (8,295,575)</u>	2,931,216	<u>\$ 11,226,791</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			1,153,801	
Add capital expenditures capitalized			1,683,841	
Subtract capital transfers			(27,079)	
Subtract depreciation expense			<u>(1,300,206)</u>	
Net Income (Loss)			<u>\$ 4,441,573</u>	

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 4,286,798	\$ 6,358,979
Cash held with fiscal agent	5,628,187	12,652,236
Receivables		
Accounts	1,040,399	1,048,282
Intergovernmental	4,748,568	3,925,804
Inventory	1,885	1,707
Total Current Assets	<u>15,705,837</u>	<u>23,987,008</u>
Noncurrent Assets		
Note receivable	13,929,786	34,877,001
Capital Assets		
Land	321,309	307,368
Construction in progress	51,981,880	17,914,205
Depreciable capital assets, net	15,412,095	15,939,485
Total Noncurrent Assets	<u>81,645,070</u>	<u>69,038,059</u>
Total Assets	<u>97,350,907</u>	<u>93,025,067</u>
Liabilities		
Current Liabilities		
Accounts payable	6,784,574	3,946,264
Accrued wages	46,059	42,257
Compensated Absences - due in one year	33,622	21,542
Loan payable	2,489,164	2,441,021
Interest Payable	402,870	422,766
Total Current Liabilities	<u>9,756,289</u>	<u>6,873,850</u>
Long Term Liabilities		
Compensated absences net of current portion	33,622	21,541
Loan payable net of current portion	54,926,556	57,415,719
Total Liabilities	<u>64,716,467</u>	<u>64,311,110</u>
Net Position		
Net investment in capital assets	27,957,134	21,833,553
Unrestricted	4,677,306	6,880,404
Total Net Position	<u>\$ 32,634,440</u>	<u>\$ 28,713,957</u>

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 7,821,215	\$ 7,680,011
Miscellaneous	-	7,731
Total Operating Revenues	<u>7,821,215</u>	<u>7,687,742</u>
Operating Expenses		
Administration	501,213	280,578
Treatment	1,478,704	1,443,341
Collections	919,395	785,721
Non-departmental	159,763	623,940
Payment for services	302,725	563,475
Depreciation	809,562	723,489
Total Operating Expenses	<u>4,171,362</u>	<u>4,420,544</u>
Operating Income (Loss)	<u>3,649,853</u>	<u>3,267,198</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	10	-
Interest Expense	(935,867)	(786,657)
Intergovernmental grants	904,576	408,182
Investment earnings	75,120	53,315
Total Non-Operating Revenues (Expenses)	<u>43,839</u>	<u>(325,160)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>3,693,692</u>	<u>2,942,038</u>
Capital contributions	226,791	1,170,548
Transfers out	-	(11,705)
Change in Net Position	<u>3,920,483</u>	<u>4,100,881</u>
Net Position Beginning of Year	<u>28,713,957</u>	<u>24,613,076</u>
Net Position End of Year	<u>\$ 32,634,440</u>	<u>\$ 28,713,957</u>

City of Durango, Colorado
Sewer Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 7,995,375	\$ 7,995,375	\$ 7,821,215	\$ (174,160)
Gain on disposal of assets	-	-	10	10
Plant investment fees	75,000	75,000	213,191	138,191
Miscellaneous	580,000	908,000	-	(908,000)
Interest Expense	-	-	(915,970)	(915,970)
Intergovernmental grants	5,823,970	5,823,970	904,576	(4,919,394)
Investment earnings	125,000	125,000	75,120	(49,880)
Total Revenues	<u>14,599,345</u>	<u>14,927,345</u>	<u>8,098,142</u>	<u>(6,829,203)</u>
Expenditures				
Administration	533,502	533,502	501,213	32,289
Treatment	1,641,458	1,641,458	1,478,704	162,754
Collections	1,124,087	1,124,087	919,395	204,692
Non-departmental	4,633,082	57,988,684	33,838,754	24,149,930
Payment for services	302,725	302,725	302,725	-
Total Expenditures	<u>8,234,854</u>	<u>61,590,456</u>	<u>37,040,791</u>	<u>24,549,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,364,491</u>	<u>\$ (46,663,111)</u>	<u>(28,942,649)</u>	<u>\$ 17,720,462</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			13,600	
Add capital expenditures capitalized			33,678,991	
Subtract interest expense on loan			(19,897)	
Subtract depreciation expense			<u>(809,562)</u>	
Net Income (Loss)			<u>\$ 3,920,483</u>	

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 772,191	\$ 684,838
Receivables		
Accounts	325,876	248,069
Intergovernmental	-	5,251
Total Current Assets	<u>1,098,067</u>	<u>938,158</u>
Noncurrent Assets		
Capital Assets		
Prepaid items	4,000	-
Land	89,622	89,622
Depreciable capital assets, net	2,253,379	2,401,446
Total Noncurrent Assets	<u>2,347,001</u>	<u>2,491,068</u>
Total Assets	<u>3,445,068</u>	<u>3,429,226</u>
Liabilities		
Current Liabilities		
Accounts payable	42,303	58,890
Accrued wages	22,557	25,020
Compensated Absences - due in one year	21,787	27,493
Total Current Liabilities	<u>86,647</u>	<u>111,403</u>
Long Term Liabilities		
Compensated absences net of current portion	21,787	27,493
Total Liabilities	<u>108,434</u>	<u>138,896</u>
Net Position		
Net investment in capital assets	2,343,001	2,491,068
Unrestricted	993,633	799,262
Total Net Position	<u>\$ 3,336,634</u>	<u>\$ 3,290,330</u>

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 2,714,050	\$ 2,467,388
Miscellaneous	106,998	113,607
Total Operating Revenues	<u>2,821,048</u>	<u>2,580,995</u>
Operating Expenses		
Collections	1,235,301	1,122,451
Recycling	698,731	584,423
Recycling center	346,227	272,524
Sustainability	138,584	95,475
Non-departmental	72,214	94,583
Payment for services	199,105	257,605
Depreciation	148,066	139,882
Total Operating Expenses	<u>2,838,228</u>	<u>2,566,943</u>
Operating Income (Loss)	<u>(17,180)</u>	<u>14,052</u>
Non-Operating Revenues (Expenses)		
Intergovernmental grants	54,290	21,212
Investment earnings	9,194	3,679
Total Non-Operating Revenues (Expenses)	<u>63,484</u>	<u>24,891</u>
Income (Loss) Before Capital Contributions and Transfers	46,304	38,943
Transfers out	-	(35,579)
Change in Net Position	46,304	3,364
Net Position Beginning of Year	<u>3,290,330</u>	<u>3,286,966</u>
Net Position End of Year	<u>\$ 3,336,634</u>	<u>\$ 3,290,330</u>

City of Durango, Colorado
Sustainable Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 2,402,954	\$ 2,402,954	\$ 2,714,050	\$ 311,096
Miscellaneous	285,000	285,000	106,998	(178,002)
Intergovernmental grants	-	28,271	54,290	26,019
Investment earnings	8,000	8,000	9,194	1,194
Total Revenues	<u>2,695,954</u>	<u>2,724,225</u>	<u>2,884,532</u>	<u>160,307</u>
Expenditures				
Collections	1,284,360	1,284,360	1,235,301	49,059
Recycling	579,720	579,720	698,731	(119,011)
Recycling center	336,400	336,400	346,227	(9,827)
Sustainability	201,103	234,369	138,584	95,785
Non-departmental	153,382	198,382	72,214	126,168
Payment for services	199,105	199,105	199,105	-
Total Expenditures	<u>2,754,070</u>	<u>2,832,336</u>	<u>2,690,162</u>	<u>142,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (58,116)</u>	<u>\$ (108,111)</u>	194,370	<u>\$ 302,481</u>
Reconciliation to GAAP Net Income:				
Subtract depreciation expense			<u>(148,066)</u>	
Net Income (Loss)			<u>\$ 46,304</u>	

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 2,258,108	\$ 1,817,420
Receivables		
Accounts	6,573	782
Intergovernmental	321,072	316,096
Total Current Assets	<u>2,585,753</u>	<u>2,134,298</u>
Noncurrent Assets		
Capital Assets		
Land	3,886,835	3,886,835
Depreciable capital assets, net	6,002,222	6,265,094
Total Noncurrent Assets	<u>9,889,057</u>	<u>10,151,929</u>
Total Assets	<u>12,474,810</u>	<u>12,286,227</u>
Liabilities		
Current Liabilities		
Accounts payable	127,922	63,693
Accrued wages	46,577	61,206
Compensated Absences - due in one year	34,669	48,356
Total Current Liabilities	<u>209,168</u>	<u>173,255</u>
Long Term Liabilities		
Compensated absences net of current portion	34,668	48,355
Total Liabilities	<u>243,836</u>	<u>221,610</u>
Net Position		
Net investment in capital assets	9,889,057	10,151,929
Unrestricted	2,341,917	1,912,688
Total Net Position	<u>\$ 12,230,974</u>	<u>\$ 12,064,617</u>

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 2,184,433	\$ 2,246,691
Miscellaneous	15,039	16,215
Total Operating Revenues	<u>2,199,472</u>	<u>2,262,906</u>
Operating Expenses		
Administration	101,928	108,936
Parking operations	679,848	682,916
Loop system	1,894,125	2,146,154
Multi-modal	109,421	165,800
Non-departmental	26,479	87,056
Payment for services	141,150	99,906
Depreciation	406,358	477,569
Total Operating Expenses	<u>3,359,309</u>	<u>3,768,337</u>
Operating Income (Loss)	<u>(1,159,837)</u>	<u>(1,505,431)</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	20,575	(1,486)
Intergovernmental grants	1,023,481	984,700
Investment earnings	32,138	17,574
Total Non-Operating Revenues (Expenses)	<u>1,076,194</u>	<u>1,000,788</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(83,643)</u>	<u>(504,643)</u>
Transfers in	250,000	250,000
Change in Net Position	166,357	(254,643)
Net Position Beginning of Year	<u>12,064,617</u>	<u>12,319,260</u>
Net Position End of Year	<u>\$ 12,230,974</u>	<u>\$ 12,064,617</u>

City of Durango, Colorado
Transportation Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 2,240,520	\$ 2,240,520	\$ 2,184,433	\$ (56,087)
Gain on disposal of assets	-	-	20,575	20,575
Miscellaneous	106,800	106,800	15,039	(91,761)
Intergovernmental grants	1,018,911	1,118,911	1,023,481	(95,430)
Investment earnings	24,000	24,000	32,138	8,138
Transfers in	250,000	250,000	250,000	-
Total Revenues	<u>3,640,231</u>	<u>3,740,231</u>	<u>3,525,666</u>	<u>(214,565)</u>
Expenditures				
Administration	133,653	133,653	101,928	31,725
Parking operations	787,686	787,686	679,848	107,838
Loop system	2,407,806	2,407,806	1,894,125	513,681
Multi-modal	120,666	120,666	109,421	11,245
Non-departmental	213,270	508,377	169,965	338,412
Payment for services	86,067	86,067	141,150	(55,083)
Total Expenditures	<u>3,749,148</u>	<u>4,044,255</u>	<u>3,096,437</u>	<u>947,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (108,917)</u>	<u>\$ (304,024)</u>	429,229	<u>\$ 733,253</u>
Reconciliation to GAAP Net Income:				
Add capital expenditures capitalized			143,486	
Subtract depreciation expense			<u>(406,358)</u>	
Net Income (Loss)			<u>\$ 166,357</u>	

INTERNAL SERVICE FUNDS

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

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

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

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

City of Durango, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Assets					
Current Assets					
Equity in treasurer's cash and investments	\$ 376,674	\$ 3,986,066	\$ 12,638	\$ 318,298	\$ 4,693,676
Accounts receivable	955	-	129,496	-	130,451
Inventory	79,945	224,833	-	-	304,778
Total Current Assets	457,574	4,210,899	142,134	318,298	5,128,905
Noncurrent Assets					
Capital Assets					
Prepaid items	-	-	-	18,480	18,480
Land	67,889	-	-	-	67,889
Depreciable capital assets, net	1,198,931	5,153,291	-	-	6,352,222
Total Noncurrent Assets	1,266,820	5,153,291	-	18,480	6,438,591
Total Assets	1,724,394	9,364,190	142,134	336,778	11,567,496
Liabilities					
Current Liabilities					
Accounts payable	15,682	58,205	366,623	26,965	467,475
Accrued wages	3,696	16,650	-	2,665	23,011
Compensated Absences - due in one year	4,925	34,858	-	3,715	43,498
Interfund payable	-	-	306,000	-	306,000
Total Current Liabilities	24,303	109,713	672,623	33,345	839,984
Long Term Liabilities					
Compensated absences net of current portion	4,924	34,858	-	3,715	43,497
Total Long Term Liabilities	4,924	34,858	-	3,715	43,497
Total Liabilities	29,227	144,571	672,623	37,060	883,481
Net Position					
Net investment in capital assets	1,266,820	5,153,391	-	-	6,420,211
Unrestricted	428,347	4,066,228	(530,489)	299,718	4,263,804
Total Net Position	\$ 1,695,167	\$ 9,219,619	\$ (530,489)	\$ 299,718	\$ 10,684,015

City of Durango, Colorado
Combining Statement of Revenues
Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2018

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Operating Revenues					
Charges for sales and services	\$ 8,065	\$ 3,022,766	\$ 5,586,973	\$ -	\$ 8,617,804
Services provided	75,000	-	-	1,165,038	1,240,038
Miscellaneous	-	3,707	92,129	2,822	98,658
Total Operating Revenues	<u>83,065</u>	<u>3,026,473</u>	<u>5,679,102</u>	<u>1,167,860</u>	<u>9,956,500</u>
Operating Expenses					
Administration	110,937	-	20,597	117,858	249,392
Building maintenance	75,829	-	-	-	75,829
Equipment maintenance	-	1,301,509	-	-	1,301,509
Insurance claims and premiums	-	-	-	974,576	974,576
Medical claims and premiums	-	-	5,589,744	-	5,589,744
Depreciation	36,823	1,267,494	-	-	1,304,317
Total Operating Expenses	<u>223,589</u>	<u>2,569,003</u>	<u>5,610,341</u>	<u>1,092,434</u>	<u>9,495,367</u>
Operating Income (Loss)	<u>(140,524)</u>	<u>457,470</u>	<u>68,761</u>	<u>75,426</u>	<u>461,133</u>
Non-Operating Revenues (Expenses)					
Gain (Loss) on the sale of capital assets	-	334,657	-	-	334,657
Investment earnings	7,240	68,194	7,279	6,054	88,767
Total Non-Operating Revenues (Expenses)	<u>7,240</u>	<u>402,851</u>	<u>7,279</u>	<u>6,054</u>	<u>423,424</u>
Income (Loss) Before Contributions and Transfers	<u>(133,284)</u>	<u>860,321</u>	<u>76,040</u>	<u>81,480</u>	<u>884,557</u>
Capital contributions	-	95,953	-	-	95,953
Transfers in	-	27,079	-	-	27,079
Change in Net Position	<u>(133,284)</u>	<u>983,353</u>	<u>76,040</u>	<u>81,480</u>	<u>1,007,589</u>
Net Position Beginning of Year	<u>1,828,451</u>	<u>8,236,266</u>	<u>(606,529)</u>	<u>218,238</u>	<u>9,676,426</u>
Net Position End of Year	<u>\$ 1,695,167</u>	<u>\$ 9,219,619</u>	<u>\$ (530,489)</u>	<u>\$ 299,718</u>	<u>\$ 10,684,015</u>

City of Durango, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	General Services	Capital Equipment Reserve	Self Insurance	Risk Manager	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash received from customers	\$ 82,149	\$ 3,048,387	\$ 5,765,089	\$ 1,167,860	\$ 10,063,485
Cash payments for personnel services	(90,585)	(612,243)	-	(96,234)	(799,062)
Cash payments for goods and services	(80,178)	(731,164)	(20,597)	(468)	(832,407)
Cash payments for claims and premiums	-	-	(5,589,744)	(974,576)	(6,564,320)
Net Cash Provided by (Used in) Operating Activities	<u>(88,614)</u>	<u>1,704,980</u>	<u>154,748</u>	<u>96,582</u>	<u>1,867,696</u>
Cash Flows from Noncapital Financing Activities					
Interfund payable	-	-	(150,000)	-	(150,000)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
Cash Flows from Capital and Related Financing Activities					
Capital transfers in	-	27,079	-	-	27,079
Cash sales of capital assets	-	336,167	-	-	336,167
Payments for capital acquisitions	(39,717)	(1,439,426)	-	-	(1,479,143)
Net Cash Used in Capital and Related Financing Activities	<u>(39,717)</u>	<u>(1,076,180)</u>	<u>-</u>	<u>-</u>	<u>(1,115,897)</u>
Cash Flows from Investing Activities					
Investment earnings	7,240	68,194	7,279	6,054	88,767
Net Cash Provided from (Used in) Investing Activities	<u>7,240</u>	<u>68,194</u>	<u>7,279</u>	<u>6,054</u>	<u>88,767</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(121,091)	696,994	12,027	102,636	690,566
Cash and Cash Equivalents Beginning of Year	497,765	3,289,072	611	215,662	4,003,110
Cash and Cash Equivalents End of Year	<u>\$ 376,674</u>	<u>\$ 3,986,066</u>	<u>\$ 12,638</u>	<u>\$ 318,298</u>	<u>\$ 4,693,676</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ (140,524)	\$ 457,470	\$ 68,761	\$ 75,426	\$ 461,133
Adjustments:					
Depreciation	36,823	1,267,494	-	-	1,304,317
(Increase) Decrease in Assets:					
Accounts receivable	(917)	-	245,923	-	245,006
Inventory	948	(17,315)	-	-	(16,367)
Increase (Decrease) in Liabilities:					
Accounts payable	6,821	21,914	(159,936)	21,085	(110,116)
Accrued wages	8,235	2,496	-	71	10,802
Net Cash Provided by (Used in) Operating Activities	<u>\$ (88,614)</u>	<u>\$ 1,704,980</u>	<u>\$ 154,748</u>	<u>\$ 96,582</u>	<u>\$ 1,894,775</u>
Non-cash Investing, Capital and Financing Activities:					
Contributed capital assets	<u>\$ -</u>	<u>\$ 95,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,953</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Equity in treasurer's cash and investments	\$ 376,674	\$ 497,765
Accounts receivable	955	38
Inventory	79,945	80,893
Total Current Assets	<u>457,574</u>	<u>578,696</u>
Noncurrent Assets		
Capital Assets		
Land	67,889	67,889
Depreciable capital assets, net	1,198,931	1,196,037
Total Noncurrent Assets	<u>1,266,820</u>	<u>1,263,926</u>
Total Assets	<u>1,724,394</u>	<u>1,842,622</u>
Liabilities		
Current Liabilities:		
Accounts payable	15,682	8,861
Accrued wages	3,696	2,880
Compensated Absences - due in one year	4,925	1,215
Total Current Liabilities	<u>24,303</u>	<u>12,956</u>
Long Term Liabilities		
Compensated absences net of current portion	4,924	1,215
Total Liabilities	<u>29,227</u>	<u>14,171</u>
Net Position		
Net investment in capital assets	1,266,820	1,263,926
Unrestricted	428,347	564,525
Total Net Position	<u>\$ 1,695,167</u>	<u>\$ 1,828,451</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 8,065	\$ 10,008
Services provided	75,000	332,550
Total Operating Revenues	<u>83,065</u>	<u>342,558</u>
Operating Expenses		
Administration	110,937	93,843
Building maintenance	75,829	133,794
Depreciation	36,823	36,823
Total Operating Expenses	<u>223,589</u>	<u>264,460</u>
Operating Income (Loss)	<u>(140,524)</u>	<u>78,098</u>
Non-Operating Revenues (Expenses)		
Investment earnings	7,240	5,478
Total Non-Operating Revenues (Expenses)	<u>7,240</u>	<u>5,478</u>
Change in Net Position	(133,284)	83,576
Net Position Beginning of Year	<u>1,828,451</u>	<u>1,744,875</u>
Net Position End of Year	<u>\$ 1,695,167</u>	<u>\$ 1,828,451</u>

City of Durango, Colorado
General Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 5,000	\$ 5,000	\$ 8,065	\$ 3,065
Services provided	75,000	75,000	75,000	-
Investment earnings	5,000	5,000	7,240	2,240
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>90,305</u>	<u>5,305</u>
Expenditures				
Administration	128,124	128,124	110,937	17,187
Building maintenance	155,050	155,050	115,546	39,504
Total Expenditures	<u>283,174</u>	<u>283,174</u>	<u>226,483</u>	<u>56,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (198,174)</u>	<u>\$ (198,174)</u>	(136,178)	<u>\$ 61,996</u>
Reconciliation to GAAP Net Income:				
Add capital expenditures capitalized			39,717	
Subtract depreciation expense			<u>(36,823)</u>	
Net Income (Loss)			<u>\$ (133,284)</u>	

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 3,986,066	\$ 3,289,072
Inventory	224,833	207,518
Total Current Assets	4,210,899	3,496,590
Noncurrent Assets		
Capital Assets		
Depreciable capital assets, net	5,153,291	4,859,837
Total Noncurrent Assets	5,153,291	4,859,837
Total Assets	9,364,190	8,356,427
Liabilities		
Current Liabilities		
Accounts payable	58,205	36,291
Accrued wages	16,650	17,131
Compensated Absences - due in one year	34,858	33,369
Total Current Liabilities	109,713	86,791
Long Term Liabilities		
Compensated absences net of current portion	34,858	33,370
Total Liabilities	144,571	120,161
Net Position		
Net investment in capital assets	5,153,391	4,859,837
Unrestricted	4,066,228	3,376,429
Total Net Position	\$ 9,219,619	\$ 8,236,266

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 3,022,766	\$ 2,883,768
Miscellaneous	3,707	1,159
Total Operating Revenues	<u>3,026,473</u>	<u>2,884,927</u>
Operating Expenses		
Equipment maintenance	1,301,509	1,465,452
Depreciation	1,267,494	1,174,505
Total Operating Expenses	<u>2,569,003</u>	<u>2,639,957</u>
Operating Income (Loss)	<u>457,470</u>	<u>244,970</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	334,657	95,328
Investment earnings	68,194	28,918
Total Non-Operating Revenues (Expenses)	<u>402,851</u>	<u>124,246</u>
Income (Loss) Before Contributions and Transfers	860,321	369,216
Capital contributions	95,953	-
Transfers in	27,079	58,989
Change in Net Position	983,353	428,205
Net Position Beginning of Year	<u>8,236,266</u>	<u>7,808,061</u>
Net Position End of Year	<u>\$ 9,219,619</u>	<u>\$ 8,236,266</u>

City of Durango, Colorado
Capital Equipment Reserve Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for sales and services	\$ 3,022,555	\$ 3,022,555	\$ 3,022,766	\$ 211
Gain on disposal of assets	75,000	75,000	336,167	261,167
Transfers	-	-	27,079	27,079
Miscellaneous	500	500	3,707	3,207
Investment earnings	75,000	75,000	68,194	(6,806)
Total Revenues	<u>3,173,055</u>	<u>3,173,055</u>	<u>3,457,913</u>	<u>284,858</u>
Expenditures				
Equipment maintenance	2,848,353	3,121,344	2,863,967	257,377
Non-departmental	5,336	5,336	-	5,336
Total Expenditures	<u>2,853,689</u>	<u>3,126,680</u>	<u>2,863,967</u>	<u>262,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 319,366</u>	<u>\$ 46,375</u>	593,946	<u>\$ 547,571</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			(1,510)	
Add capital expenditures capitalized			1,562,458	
Subtract depreciation expense			(1,267,494)	
Add capital contributions			<u>95,953</u>	
Net Income (Loss)			<u>\$ 983,353</u>	

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 12,638	\$ 611
Accounts receivable	129,496	375,419
Total Current Assets	142,134	376,030
Total Assets	142,134	376,030
Liabilities		
Current Liabilities		
Accounts payable	366,623	526,559
Interfund payable	306,000	456,000
Total Liabilities	672,623	982,559
Net Position		
Unrestricted	(530,489)	(606,529)
Total Net Position	\$ (530,489)	\$ (606,529)

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for sales and services	\$ 5,586,973	\$ 4,904,548
Miscellaneous	92,129	87,915
Total Operating Revenues	<u>5,679,102</u>	<u>4,992,463</u>
Operating Expenses		
Administration	20,597	24,532
Medical claims and premiums	5,589,744	4,941,127
Total Operating Expenses	<u>5,610,341</u>	<u>4,965,659</u>
Operating Income (Loss)	<u>68,761</u>	<u>26,804</u>
Non-Operating Revenues (Expenses)		
Investment earnings	7,279	5,136
Total Non-Operating Revenues (Expenses)	<u>7,279</u>	<u>5,136</u>
Change in Net Position	76,040	31,940
Net Position Beginning of Year	<u>(606,529)</u>	<u>(638,469)</u>
Net Position End of Year	<u>\$ (530,489)</u>	<u>\$ (606,529)</u>

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 318,298	\$ 215,662
Total Current Assets	<u>318,298</u>	<u>215,662</u>
Prepaid items	<u>18,480</u>	<u>18,480</u>
Total Assets	<u>336,778</u>	<u>234,142</u>
Liabilities		
Current Liabilities		
Accounts payable	26,965	5,880
Accrued wages	2,665	2,612
Compensated Absences - due in one year	<u>3,715</u>	<u>3,706</u>
Total Current Liabilities	<u>33,345</u>	<u>12,198</u>
Long Term Liabilities		
Compensated absences net of current portion	<u>3,715</u>	<u>3,706</u>
Total Liabilities	<u>37,060</u>	<u>15,904</u>
Net Position		
Unrestricted	<u>299,718</u>	<u>218,238</u>
Total Net Position	<u>\$ 299,718</u>	<u>\$ 218,238</u>

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Services provided	\$ 1,165,038	\$ 1,171,452
Miscellaneous	2,822	13,222
Total Operating Revenues	<u>1,167,860</u>	<u>1,184,674</u>
Operating Expenses		
Administration	117,858	113,349
Insurance claims and premiums	974,576	999,793
Total Operating Expenses	<u>1,092,434</u>	<u>1,113,142</u>
Operating Income (Loss)	<u>75,426</u>	<u>71,532</u>
Non-Operating Revenues (Expenses)		
Investment earnings	6,054	1,812
Total Non-Operating Revenues (Expenses)	<u>6,054</u>	<u>1,812</u>
Change in Net Position	81,480	73,344
Net Position Beginning of Year	<u>218,238</u>	<u>144,894</u>
Net Position End of Year	<u>\$ 299,718</u>	<u>\$ 218,238</u>

City of Durango, Colorado
Risk Manager Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Services provided	\$ 1,164,836	\$ 1,164,836	\$ 1,165,038	\$ 202
Miscellaneous	-	-	2,822	2,822
Investment earnings	2,500	2,500	6,054	3,554
Total Revenues	<u>1,167,336</u>	<u>1,167,336</u>	<u>1,173,914</u>	<u>6,578</u>
Expenditures				
Administration	121,510	121,510	117,858	3,652
Insurance claims and premiums	1,019,556	1,019,556	974,576	44,980
Total Expenditures	<u>1,141,066</u>	<u>1,141,066</u>	<u>1,092,434</u>	<u>48,632</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 26,270</u>	<u>\$ 26,270</u>	81,480	<u>\$ 55,210</u>
Reconciliation to GAAP Net Income:				
Net Income (Loss)			<u>\$ 81,480</u>	



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SPECIAL REPORTS SECTION

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

Fiscal Year	Principal	Interest	Total
2019	\$ 1,015,000	\$ 155,040	\$ 1,170,040
2020	1,040,000	134,334	1,174,334
2021	1,060,000	113,118	1,173,118
2022	1,085,000	91,494	1,176,494
2023	1,110,000	69,360	1,179,360
2024	1,130,000	46,716	1,176,716
2025	1,160,000	23,664	1,183,664
	<u>\$ 7,600,000</u>	<u>\$ 633,726</u>	<u>\$ 8,233,726</u>

This schedule pertains to the following issues:

Sales & Use Tax Series 2007 Issued 03/13/2007	Authorized and Issued	Outstanding
	<u>\$ 15,890,000</u>	<u>\$ 7,600,000</u>

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

Fiscal Year	Principal	Interest	Total
2019	\$ 860,000	\$ 34,400	\$ 894,400
	\$ 860,000	\$ 34,400	\$ 894,400

This schedule pertains to the following issues:

Sales & Use Tax Series 2009 Issued 03/13/2009	Authorized and Issued	Outstanding
	\$ 17,585,000	\$ 860,000

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

Fiscal Year	Principal	Interest	Total
2019	\$ 186,773	\$ 59,493	\$ 246,265
2020	190,433	55,833	246,265
2021	194,164	52,101	246,265
2022	197,969	48,297	246,265
2023	201,848	44,417	246,265
2024	205,803	40,462	246,265
2025	209,836	36,429	246,265
2026	213,948	32,318	246,265
2027	218,140	28,121	246,265
2028	222,413	23,851	246,265
2029	226,773	19,493	246,265
2030	231,216	15,049	246,265
2031	235,747	10,518	246,265
2032	240,370	5,899	246,265
2033	121,944	1,189	123,133
	\$ 3,097,377	\$ 473,470	\$ 3,570,843

This schedule pertains to the following loan:

	Loan Amount	Outstanding
Water Fund Water Storage Loan 2013	\$ 4,000,000	\$ 3,097,377

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

Fiscal Year	Principal	Interest	Total
2019	\$ 110,000	\$ 80,325	\$ 190,325
2020	115,000	76,475	191,475
2021	115,000	72,450	187,450
2022	120,000	68,425	188,425
2023	125,000	64,225	189,225
2024	130,000	59,850	189,850
2025	135,000	55,300	190,300
2026	140,000	50,575	190,575
2027	145,000	45,675	190,675
2028	150,000	40,600	190,600
2029	155,000	35,350	190,350
2030	160,000	29,925	189,925
2031	165,000	24,325	189,325
2032	170,000	18,550	188,550
2033	175,000	12,600	187,600
2034	185,000	6,475	191,475
	<u>\$ 2,295,000</u>	<u>\$ 741,125</u>	<u>\$ 3,036,125</u>

This schedule pertains to the following Lease Purchase Agreement:

	Lease Amount	Outstanding
2014 Certificates of Participation- Wilson Gulch Road	<u>\$ 2,700,000</u>	<u>\$ 2,295,000</u>

City of Durango, Colorado
2016 Sewer Loan
Debt Service Requirements

Fiscal Year	Principal	Interest	Total
2019	\$ 2,305,290	\$ 966,888	\$ 3,272,178
2020	2,352,605	920,138	3,272,743
2021	2,397,453	874,388	3,271,841
2022	2,438,775	829,888	3,268,663
2023	2,481,893	787,138	3,269,031
2024	2,526,093	746,138	3,272,231
2025	2,565,548	707,138	3,272,686
2026	2,602,175	670,589	3,272,764
2027	2,631,987	636,888	3,268,875
2028	2,652,863	618,588	3,271,451
2029	2,665,493	604,338	3,269,831
2030	2,681,612	590,426	3,272,038
2031	2,724,196	548,361	3,272,557
2032	2,794,794	476,893	3,271,687
2033	2,837,638	434,354	3,271,992
2034	2,905,237	362,580	3,267,817
2035	2,981,436	290,225	3,271,661
2036	3,054,632	217,871	3,272,503
2037	3,125,615	144,935	3,270,550
2038	3,200,397	72,361	3,272,758
	\$ 53,925,732	\$ 11,500,125	\$ 65,425,857

This schedule pertains to the following Loan

	Loan Amount	Outstanding
2016 Sewer Loan	\$ 58,404,764	\$ 53,925,732

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,000	\$ -	\$ 125,000
2020	125,000	-	125,000
2021	125,000	-	125,000
2022	125,000	-	125,000
2023	125,000	-	125,000
2024	125,000	-	125,000
2025	125,000	-	125,000
2026	125,000	-	125,000
2027	125,000	-	125,000
2028	125,000	-	125,000
2029	125,000	-	125,000
2030	125,000	-	125,000
2031	125,000	-	125,000
2032	125,000	-	125,000
2033	125,000	-	125,000
2034	125,000	-	125,000
2035	125,000	-	125,000
2036	125,000	-	125,000
2037	62,500	-	62,500
	<u>\$ 2,312,500</u>	<u>\$ -</u>	<u>\$ 2,312,500</u>

This schedule pertains to the following Loan

	Loan Amount	Outstanding
2016 Sewer Loan 0% Interest	<u>\$ 2,500,000</u>	<u>\$ 2,312,500</u>



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

LOCAL HIGHWAY FINANCE REPORT		City or County: Durango
		YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of	Prepared By: Phone:	Julie Brown 970-375-5039

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,125,646
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,493,782
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	3,859,037	b. Snow and ice removal	598,569
3. Other local imposts (from page 2)	308,809	c. Other	341,788
4. Miscellaneous local receipts (from page 2)	80,398	d. Total (a. through c.)	940,357
5. Transfers from toll facilities		4. General administration & miscellaneous	21,000
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	180,000
a. Bonds - Original Issues		6. Total (1 through 5)	3,760,785
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	329,556
7. Total (1 through 6)	4,248,244	b. Redemption	930,000
B. Private Contributions		c. Total (a. + b.)	1,259,556
C. Receipts from State government (from page 2)	721,558	2. Notes:	
D. Receipts from Federal Government (from page 2)	50,539	a. Interest	
E. Total receipts (A.7 + B + C + D)	5,020,341	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	1,259,556
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	5,020,341

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		5,020,341	5,020,341		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	80,398
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	308,809	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	308,809	h. Other	
c. Total (a. + b.)	308,809	i. Total (a. through h.)	80,398
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	659,294	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	62,264	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	50,539
f. Total (a. through e.)	62,264	g. Total (a. through f.)	50,539
4. Total (1. + 2. + 3.f)	721,558	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		609,342	609,342
(3). System Preservation		516,304	516,304
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	1,125,646
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	1,125,646
			(Carry forward to page 1)
Notes and Comments:			



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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 116,772,303	\$ 131,106,992	\$ 138,286,961	\$ 141,561,808	\$ 143,944,307	\$ 149,052,567	\$ 153,845,848	\$ 160,730,499	\$ 168,087,849	\$ 171,770,608
Restricted	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072	8,532,447	3,027,602	4,197,716
Unrestricted	26,118,296	27,555,730	29,500,898	26,147,979	25,926,898	28,998,660	35,295,804	32,517,436	35,588,691	36,833,835
Total governmental activities net position	<u>\$ 172,292,730</u>	<u>\$ 173,854,847</u>	<u>\$ 177,816,435</u>	<u>\$ 182,095,697</u>	<u>\$ 184,503,061</u>	<u>\$ 187,679,787</u>	<u>\$ 193,547,724</u>	<u>\$ 201,780,382</u>	<u>\$ 206,704,142</u>	<u>\$ 212,802,159</u>
Business-type activities										
Net investment in capital assets	\$ 59,333,184	\$ 59,346,561	\$ 57,919,227	\$ 56,674,450	\$ 62,578,879	\$ 58,365,508	\$ 60,179,815	\$ 65,312,858	\$ 72,528,998	\$ 79,246,150
Unrestricted	14,662,392	14,110,138	14,988,073	15,225,300	9,429,992	14,668,271	17,283,617	21,401,015	23,650,170	25,507,735
Total business-type activities	<u>\$ 73,995,576</u>	<u>\$ 73,456,699</u>	<u>\$ 72,907,300</u>	<u>\$ 71,899,750</u>	<u>\$ 72,008,871</u>	<u>\$ 73,033,779</u>	<u>\$ 77,463,432</u>	<u>\$ 86,713,873</u>	<u>\$ 96,179,168</u>	<u>\$ 104,753,885</u>
Primary Government										
Net investment in capital assets	\$ 176,105,487	\$ 190,453,553	\$ 196,206,188	\$ 198,236,258	\$ 206,523,186	\$ 207,418,075	\$ 214,025,663	\$ 226,043,357	\$ 240,616,847	\$ 251,016,758
Restricted	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072	8,532,447	3,027,602	4,197,716
Unrestricted	40,780,688	41,665,868	44,488,971	41,373,279	35,356,890	43,666,931	52,579,421	53,918,451	59,238,861	62,341,570
Total primary government net position	<u>\$ 246,288,306</u>	<u>\$ 247,311,546</u>	<u>\$ 250,723,735</u>	<u>\$ 253,995,447</u>	<u>\$ 256,511,932</u>	<u>\$ 260,713,566</u>	<u>\$ 271,011,156</u>	<u>\$ 288,494,255</u>	<u>\$ 302,883,310</u>	<u>\$ 317,556,044</u>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 7,141,096	\$ 6,459,620	\$ 6,147,910	\$ 6,566,189	\$ 7,894,128	\$ 8,821,889	\$ 9,259,225	\$ 9,568,011	\$ 8,855,109	\$ 9,889,447
Public safety	10,009,151	9,902,478	10,026,418	10,486,094	10,709,354	10,867,750	11,859,989	12,242,685	12,335,341	14,551,095
Public works	6,960,546	8,857,481	5,596,258	5,047,880	5,064,353	7,740,688	9,893,562	7,543,224	4,748,322	8,258,321
Parks and recreation	5,879,949	5,311,387	6,870,057	8,422,273	8,350,689	5,625,209	6,088,070	7,886,241	13,907,700	10,306,478
Library	2,153,041	2,116,832	2,142,218	2,248,888	2,290,097	2,424,281	2,408,555	2,123,310	2,198,153	2,275,892
Community services	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037	1,432,160	1,323,105	1,168,207
Economic development	673,492	654,121	602,258	597,252	633,280	777,227	758,775	806,000	706,821	724,246
Joint venture- airport	-	-	-	-	335,969	-	-	-	300,236	-
Interest	1,328,152	1,584,995	1,505,308	1,431,999	1,354,291	1,275,537	1,236,752	1,136,023	794,394	666,491
Total governmental activities expenses	35,627,588	36,504,696	33,810,625	36,202,615	37,508,308	39,153,979	42,681,965	42,737,654	45,169,181	47,840,177
Business-type activities:										
Water utility	3,343,871	3,677,741	3,546,873	3,962,288	3,992,105	5,048,918	4,697,072	4,949,709	5,539,135	4,742,452
Sewer utility	2,408,490	2,549,096	2,804,795	2,816,834	3,210,315	3,687,699	3,691,696	3,662,081	5,207,201	5,107,230
Parking	626,990	879,317	612,136	622,324	999,530	-	-	-	-	-
Sustainable services	1,407,965	1,591,916	1,783,260	2,251,174	2,189,067	2,097,284	2,146,425	2,397,968	2,566,943	2,838,228
Transportation Services	1,944,269	2,216,737	2,293,441	2,472,008	2,498,054	3,422,104	3,556,523	3,771,789	3,769,823	3,359,309
Total business-type expenses	9,731,585	10,914,807	11,040,505	12,124,628	12,889,071	14,256,005	14,091,716	14,781,547	17,083,102	16,047,219
Total primary government expenses	\$ 45,359,173	\$ 47,419,504	\$ 44,851,130	\$ 48,327,243	\$ 50,397,379	\$ 53,409,984	\$ 56,773,681	\$ 57,519,201	\$ 62,252,283	\$ 63,887,396
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,152,603	\$ 1,254,099	\$ 1,731,124	\$ 2,485,211	\$ 1,946,179	\$ 1,945,001	\$ 2,671,977	\$ 1,774,979	\$ 1,711,347	\$ 3,228,028
Public safety	880,488	895,062	912,452	1,163,291	1,234,866	1,056,131	1,089,447	1,154,793	42,407	1,210,808
Public works	-	-	-	-	-	600	-	500	1,050	1,500
Parks and recreation	2,512,164	2,485,158	2,487,984	2,733,317	2,818,971	3,011,398	3,124,615	3,157,875	3,245,745	3,645,773
Library	30,320	37,997	38,292	34,431	35,236	32,870	28,206	19,558	-	25,817
Joint venture - airport	38,703	4,452,278	754,844	115,006	-	11,115	245,400	2,387,802	-	1,145,902
Operating grants and contributions	927,690	2,116,207	2,143,915	1,182,581	1,728,609	27,578	682,853	1,057,299	1,904,987	783,635
Capital grants and contributions	5,092,550	4,733,801	826,921	1,452,777	706,725	3,273,358	5,954,033	4,580,550	5,288,510	3,812,042
Total governmental activities program revenues	10,634,518	15,974,602	8,895,532	9,166,614	8,470,586	9,358,051	13,796,531	14,133,356	12,194,046	13,853,505
Business-type activities:										
Charges for services										
Water utility	3,569,170	3,520,173	3,373,959	3,693,867	3,534,133	4,757,161	5,164,166	6,088,731	6,627,997	7,736,203
Sewer utility	1,528,977	1,568,099	1,785,357	1,826,540	2,788,708	4,165,434	5,670,452	7,260,261	7,680,011	7,834,816
Parking	929,331	1,118,048	1,125,497	1,098,072	966,059	-	-	-	-	-
Sustainable services	1,525,745	1,485,061	1,990,924	1,848,773	1,930,001	1,957,999	2,072,075	2,261,480	2,467,388	2,714,050
Transportation Services	252,176	190,901	253,452	258,237	283,200	1,741,650	1,903,358	2,048,400	2,246,691	1,966,020
Operating grants and contributions	2,561,478	703,960	881,594	1,112,344	1,427,220	1,285,444	1,727,167	1,027,923	1,005,912	1,082,586
Capital grants and contributions	2,674,787	10,273,045	569,033	521,610	1,420,396	900,912	1,295,610	4,429,964	6,185,080	2,265,850
Total business-type activities program revenues	13,041,664	18,859,287	9,979,816	10,359,443	12,349,717	14,808,600	17,832,828	23,116,759	26,213,079	23,599,525
Total primary government program revenues	\$ 23,676,182	\$ 34,833,889	\$ 18,875,348	\$ 19,526,057	\$ 20,820,303	\$ 24,166,651	\$ 31,629,359	\$ 37,250,115	\$ 38,407,125	\$ 37,453,030

Changes in Net Position (continued)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (expense) revenue										
Governmental activities	\$ (19,652,985)	\$ (26,645,407)	\$ (24,915,093)	\$ (27,036,001)	\$ (29,037,722)	\$ (29,795,928)	\$ (28,885,434)	\$ (28,604,298)	\$ (32,975,675)	\$ (33,986,672)
Business-type activities	9,127,702	(797,968)	(1,060,689)	(1,765,185)	(539,354)	552,595	3,741,112	8,335,212	9,129,977	7,552,306
Total primary governmental net expense	<u>\$ (10,525,283)</u>	<u>\$ (27,443,375)</u>	<u>\$ (25,975,782)</u>	<u>\$ (28,801,186)</u>	<u>\$ (29,577,076)</u>	<u>\$ (29,243,333)</u>	<u>\$ (25,144,322)</u>	<u>\$ (20,269,086)</u>	<u>\$ (23,845,698)</u>	<u>\$ (26,434,366)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes										
Property taxes	\$ 1,265,247	\$ 1,314,787	\$ 1,321,708	\$ 1,199,323	\$ 1,300,863	\$ 1,153,727	\$ 1,175,954	\$ 1,382,357	\$ 1,424,827	\$ 2,977,475
Sales and use taxes	18,320,651	18,334,353	18,997,208	20,667,890	21,693,087	22,815,810	24,038,473	24,549,475	25,510,996	25,554,110
Shared sales taxes	-	-	-	-	4,270,249	4,523,288	4,977,814	3,854,966	4,077,966	4,045,539
Other shared taxes	1,195,503	974,684	1,143,962	1,073,087	1,017,165	1,274,246	1,891,568	1,979,176	2,063,007	2,097,138
Lodgers taxes	720,337	705,240	722,042	764,257	820,832	918,679	974,572	1,062,509	1,067,684	1,035,151
Other taxes	5,353,117	5,784,119	5,296,757	5,265,185	138,508	110,407	202,161	1,149,102	1,026,266	1,195,532
Franchise Fees	-	-	-	-	1,009,105	1,121,995	1,138,859	1,532,637	1,547,100	1,497,396
Occupational taxes	-	-	-	-	184,394	194,394	181,147	155,373	175,703	174,671
Gain/loss on disposal of capital assets	7,728	3,972	4,477	464,641	26,520	-	11,619	2,395	-	6,090
Investment earnings	236,645	248,103	297,870	150,469	34,780	222,369	194,144	198,604	145,168	276,091
Miscellaneous	813,423	922,266	1,182,555	1,845,407	1,351,027	1,297,042	1,779,906	1,333,735	1,968,521	1,475,496
Transfers	(135,000)	(80,000)	(89,898)	(114,996)	(169,444)	(156,847)	(147,361)	(363,373)	(191,011)	(250,000)
Total governmental activities	<u>27,777,651</u>	<u>28,207,524</u>	<u>28,876,681</u>	<u>31,315,263</u>	<u>31,677,086</u>	<u>33,475,110</u>	<u>36,418,856</u>	<u>36,836,956</u>	<u>38,816,227</u>	<u>40,084,689</u>
Business-type activities:										
Gain/loss on disposal of capital assets	21,655	(75,379)	11,545	20,500	52,036	20,740	38,628	110,239	-	21,186
Investment earnings	172,091	154,934	225,579	141,285	55,114	161,282	180,197	130,115	174,242	393,793
Miscellaneous	115,283	93,678	184,268	480,854	371,881	387,731	322,355	311,502	294,822	357,432
Transfers	135,000	80,000	89,898	114,996	169,444	156,847	147,361	363,373	191,011	250,000
Total business-type activities	<u>444,029</u>	<u>253,233</u>	<u>511,290</u>	<u>757,635</u>	<u>648,475</u>	<u>726,600</u>	<u>688,541</u>	<u>915,229</u>	<u>660,075</u>	<u>1,022,411</u>
Total primary government	<u>\$ 28,221,680</u>	<u>\$ 28,460,757</u>	<u>\$ 29,387,971</u>	<u>\$ 32,072,898</u>	<u>\$ 32,325,561</u>	<u>\$ 34,201,710</u>	<u>\$ 37,107,397</u>	<u>\$ 37,752,185</u>	<u>\$ 39,476,302</u>	<u>\$ 41,107,100</u>

Change in Net Position

Governmental activities	\$ 8,124,666	\$ 1,562,117	\$ 3,961,588	\$ 4,279,262	\$ 2,639,364	\$ 3,679,182	\$ 7,533,422	\$ 8,232,658	\$ 5,840,552	\$ 6,098,017
Business-type activities	9,571,731	(544,735)	(549,399)	(1,007,550)	109,121	1,279,195	4,429,653	9,250,441	9,790,052	8,574,717
Total primary government	<u>\$ 17,696,397</u>	<u>\$ 1,017,382</u>	<u>\$ 3,412,189</u>	<u>\$ 3,271,712</u>	<u>\$ 2,748,485</u>	<u>\$ 4,958,377</u>	<u>\$ 11,963,075</u>	<u>\$ 17,483,099</u>	<u>\$ 15,630,604</u>	<u>\$ 14,672,734</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund										
Nonspendable	\$ -	\$ -	\$ 30,124	\$ 16,562	\$ 15,536	\$ 45,189	\$ 44,071	\$ 49,977	\$ 51,539	\$ 69,880
Restricted	-	-	1,118,324	1,196,604	1,284,613	1,428,167	1,638,931	1,448,321	1,479,416	1,580,768
Committed	-	-	-	785,373	2,404,098	1,500,000	42,191	153,335	146,407	124,197
Assigned	-	-	218,021	7,080,492	6,659,658	566,016	1,574,489	841,280	684,432	1,088,811
Un-Assigned	-	-	7,726,125	2,030,212	1,542,339	5,767,924	4,755,657	4,173,476	4,106,955	4,583,723
Reserved	1,106,149	1,126,653	-	-	-	-	-	-	-	-
Unreserved	6,671,418	7,304,176	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 7,777,567</u>	<u>\$ 8,430,829</u>	<u>\$ 9,092,594</u>	<u>\$ 11,109,243</u>	<u>\$ 11,906,244</u>	<u>\$ 9,307,296</u>	<u>\$ 8,055,339</u>	<u>\$ 6,666,389</u>	<u>\$ 6,468,749</u>	<u>\$ 7,447,379</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	567,495	740,722	925,001	7,241,225	6,251,229	7,282,374	1,623,824	2,809,046
Committed	-	-	8,040,453	7,875,468	7,872,639	4,670,089	6,871,049	6,720,670	9,544,754	8,082,415
Assigned	-	-	160,190	55,772	46,994	25,361	14,764	(165,881)	40,054	41,315
Un-Assigned	-	-	-	-	(587,668)	(675,401)	(356,873)	(239,508)	(68,553)	-
Reserved	480,569	457,433	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,333,167	2,129,048	-	-	-	-	-	-	-	-
Capital projects funds	26,218,215	11,285,494	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 28,031,951</u>	<u>\$ 13,871,975</u>	<u>\$ 8,768,138</u>	<u>\$ 8,671,962</u>	<u>\$ 8,256,966</u>	<u>\$ 11,261,274</u>	<u>\$ 12,780,169</u>	<u>\$ 13,597,655</u>	<u>\$ 11,140,079</u>	<u>\$ 10,932,776</u>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 25,659,352	\$ 26,138,499	\$ 26,337,715	\$ 27,896,655	\$ 29,417,038	\$ 30,978,221	\$ 33,668,032	\$ 34,611,683	\$ 35,957,074	\$ 37,466,900
Special Assessments	287	677	760	83,750	37,649	32,941	32,512	21,832	19,156	12,971
Intergovernmental	3,998,843	5,880,258	4,840,350	4,444,783	4,202,231	5,170,192	7,172,715	7,535,413	3,837,102	3,973,751
Licenses and permits	275,943	445,992	434,563	543,874	600,710	605,419	769,915	642,712	920,358	769,516
Charges for services	3,502,696	3,726,534	3,806,760	3,931,021	4,076,208	4,302,784	4,410,489	4,334,873	4,808,904	5,047,270
Fines and forfeitures	270,342	287,786	396,329	423,947	476,236	318,307	257,379	244,388	188,606	186,064
Investment earnings	213,395	216,055	259,044	128,959	25,453	222,370	194,144	198,604	133,946	276,091
Miscellaneous	813,423	922,266	1,182,555	2,389,540	1,410,025	1,310,357	2,861,885	1,353,983	1,988,147	1,566,737
Total revenues	34,734,281	37,618,067	37,258,076	39,842,529	40,245,550	42,940,591	49,367,071	48,943,488	47,853,293	49,299,300
Expenditures										
General government	5,180,073	5,162,501	4,870,766	5,232,468	5,757,125	6,982,575	7,307,093	7,814,532	8,217,052	8,091,890
Public safety	9,693,064	10,190,490	10,021,389	10,317,489	10,380,683	11,248,010	11,397,958	12,076,794	12,335,341	14,551,095
Public works	3,314,530	3,141,127	3,681,650	4,050,886	5,499,208	6,819,504	11,675,027	8,657,493	4,748,322	4,393,110
Parks and recreation	5,197,103	4,580,856	6,108,752	7,583,300	7,718,598	7,358,718	7,103,637	7,886,241	8,616,568	11,186,165
Library	1,770,707	1,737,454	1,778,631	1,840,717	1,901,877	2,030,290	2,019,770	2,123,310	2,198,153	2,275,892
Community Services	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037	1,432,160	1,323,105	1,168,207
Economic development	673,492	654,121	602,258	597,252	633,280	777,227	758,775	806,000	706,821	724,246
Non-departmental	1,756,682	1,346,979	1,774,349	1,657,336	1,531,075	1,598,260	1,612,742	1,586,592	1,563,947	1,684,325
Capital outlay	9,670,083	18,858,678	8,073,095	1,896,176	1,710,127	3,004,317	1,967,238	3,088,627	5,948,601	420,241
Debt service										
Principal	1,893,045	2,165,000	2,240,000	2,315,000	2,400,000	2,475,000	2,675,000	1,915,000	2,965,000	3,170,000
Interest	1,386,975	1,591,687	1,511,385	1,438,474	1,360,774	1,282,979	1,281,357	1,057,091	868,500	637,233
Total expenditures	42,017,916	51,046,676	41,582,474	38,331,138	39,768,894	45,198,278	48,975,634	48,443,840	49,491,410	48,302,404
Excess of revenues over (under) expenditures	(7,283,635)	(13,428,609)	(4,324,398)	1,511,391	476,656	(2,257,687)	391,437	499,648	(1,638,117)	996,896
Other financing sources (uses)										
Issuance of debt	17,585,000	-	-	-	-	2,700,000	-	9,580,000	10,310,000	-
Payments to escrow agent	-	-	-	-	-	-	-	(10,409,413)	(10,258,338)	-
Premium on issuance of debt	325,061	-	-	-	-	-	-	-	-	-
Transfers in	7,210,648	6,299,052	9,115,584	7,224,179	9,582,188	12,085,037	12,481,114	9,314,997	13,499,941	8,094,955
Transfers out	(7,345,648)	(6,379,052)	(9,230,580)	(7,266,176)	(9,697,183)	(12,220,037)	(12,616,114)	(9,564,997)	(13,749,941)	(8,344,955)
Sale of capital assets	7,728	3,972	4,477	464,641	21,370	68,394	11,619	2,395	21,718	6,090
Total other financing sources (uses)	17,782,789	(76,028)	(110,519)	422,644	(93,625)	2,633,394	(123,381)	(1,077,018)	(176,620)	(243,910)
Net change in fund balances	\$ 10,499,154	\$ (13,504,637)	\$ (4,434,917)	\$ 1,934,035	\$ 383,031	\$ 375,707	\$ 268,056	\$ (577,370)	\$ (1,814,737)	\$ 752,986
Debt service as a percentage of noncapital expenditures	8.5%	13.3%	13.8%	11.7%	9.8%	6.9%	5.7%	7.7%	9.6%	8.9%

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

<u>Fiscal Year</u>	<u>Property & SOT</u>	<u>City Sales Tax</u>	<u>City Use Tax</u>	<u>County Sales Tax</u>	<u>Franchise & Business</u>	<u>Lodgers Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2009	1,360,859	17,620,117	700,534	2,965,314	1,249,447	720,337	1,042,744	25,659,352
2010	1,395,048	17,529,103	805,250	2,867,532	1,272,321	705,240	1,564,004	26,138,498
2011	1,421,387	18,162,241	834,967	2,985,380	1,279,085	722,042	932,613	26,337,715
2012	1,280,845	19,165,358	1,502,532	3,140,649	836,068	764,257	1,206,946	27,896,655
2013	1,300,863	20,314,633	1,378,454	3,390,224	1,193,499	820,832	1,056,182	29,454,687
2014	1,264,134	21,364,739	1,196,928	3,570,505	1,362,019	918,679	1,301,217	30,978,221
2015	1,285,137	22,528,320	1,449,705	3,814,184	1,571,120	974,572	2,044,994	33,668,032
2016	1,382,357	23,152,987	1,307,583	3,854,966	1,688,010	1,062,509	2,074,366	34,522,778
2017	1,424,827	23,719,956	1,791,040	4,077,966	1,722,803	1,067,684	2,152,798	35,957,074
2018	2,977,475	23,809,794	1,611,519	4,045,539	1,672,067	1,035,151	2,182,558	37,334,103

Effective June 1, 1999, the City increased the city sales and use tax percentage from 2.0% to 2.5%.
Effective July 1, 2005, the City increased the city sales and use tax percentage from 2.5% to 3.0%.
Effective January 1, 2018, the City increased the city mill levy rate from 2.5007 to 5.0007.

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

Fiscal Year	General City Sales and Use Tax	Recreation Complex/Trails Sales and Use Tax	Open Space, Parks and Trails Sales and Use Tax	Capital Improvements Sales and Use Tax	Total Revenue	Total Direct Tax Rate
2009	12,213,337	3,054,574	1,526,370	1,526,370	18,320,651	3.0%
2010	11,686,383	2,922,236	1,460,242	1,460,242	17,529,103	3.0%
2011	12,108,845	3,027,606	1,512,895	1,512,895	18,162,241	3.0%
2012	13,779,428	3,445,264	1,721,599	1,721,599	20,667,890	3.0%
2013	14,462,913	3,616,172	1,807,001	1,807,001	21,693,087	3.0%
2014	15,041,756	3,761,086	1,879,414	1,879,414	22,561,670	3.0%
2015	15,986,262	3,997,080	1,997,341	1,997,341	23,978,024	3.0%
2016	16,308,028	4,077,494	2,037,524	2,037,524	24,460,570	3.0%
2017	16,775,259	4,194,347	2,095,914	2,095,914	25,161,434	3.0%
2018	15,873,878	3,969,148	1,983,384	1,983,384	23,809,794	3.0%

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

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>La Plata County</u>	<u>State of Colorado</u>
2009	3.0%	2.0%	2.9%
2010	3.0%	2.0%	2.9%
2011	3.0%	2.0%	2.9%
2012	3.0%	2.0%	2.9%
2013	3.0%	2.0%	2.9%
2014	3.0%	2.0%	2.9%
2015	3.0%	2.0%	2.9%
2016	3.0%	2.0%	2.9%
2017	3.0%	2.0%	2.9%
2018	3.0%	2.0%	2.9%

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

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

<u>Classification of Individual Business</u>	2018	Percentage of	2009	Percentage of
	Sales Tax	Total Tax	Sales Tax	Total Tax
	<u>Remitted</u>	<u>Remitted</u>	<u>Remitted</u>	<u>Remitted</u>
Retail-General Merchandise	\$ 2,740,738	11.5%	\$ 2,627,490	14.9%
Retail-Food Store	1,237,179	5.2%	867,766	4.9%
Retail-Building Supplies	1,122,143	4.7%	768,961	4.4%
Retail-Food Store	963,309	4.0%	707,414	4.0%
Utility Services	534,557	2.2%	475,298	2.7%
Retail-Food Store	482,021	2.0%	496,036	2.8%
Lodging and Restaurant	416,079	1.7%	286,517	1.6%
Retail-Food Store	416,064	1.7%	211,390	1.2%
Retail- Automotive	314,976	1.3%	-	0.0%
Lodging and Restaurant	273,675	1.1%	238,391	1.4%
Utility Services	-	0.0%	212,160	1.2%
 Total City Sales Tax Collected by 10 Largest Businesses	 <u>\$ 8,500,741</u>	 <u>35.7%</u>	 <u>\$ 6,891,423</u>	 <u>39.1%</u>
 Total City Sales Tax Collected by All Businesses	 <u>\$ 23,809,794</u>	 <u>100%</u>	 <u>\$ 17,620,117</u>	 <u>100%</u>

Source: City of Durango Finance Department

Notes: Figures are based on cash basis remittances

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

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
	Sales and Use Tax Revenue Bonds	Certificates of Participation	General Obligation Bonds	Water & Sewer Fund Loans	Capital Leases				
2009	40,555,000	-	-	-	-	-	40,555,000	1.18%	2,445
2010	38,390,000	-	-	-	-	-	38,390,000	1.11%	2,273
2011	36,150,000	-	-	-	-	-	36,150,000	1.20%	2,139
2012	33,835,000	-	-	-	-	-	33,835,000	1.12%	1,986
2013	31,435,000	-	-	3,978,753	-	-	35,413,753	1.21%	2,051
2014	28,960,000	2,700,000	-	3,809,251	-	-	35,469,251	1.19%	2,005
2015	26,385,000	2,600,000	-	3,636,428	-	-	32,621,428	0.98%	1,829
2016	24,181,490	2,500,000	-	65,660,219	-	-	92,341,709	2.45%	5,101
2017	21,745,726	2,400,000	-	63,137,297	-	-	87,283,023	2.28%	4,717
2018	18,670,000	2,295,000	-	60,513,091	-	-	81,478,091	2.13%	4,413

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

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

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-

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

City of Durango, Colorado
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
School District 9-R	\$ 35,005,000	41.1%	\$ 14,388,441
Other debt			
La Plata County General Obligation Debt	230,253	33.3%	<u>76,613</u>
Subtotal, overlapping debt			14,465,054
City direct debt			<u>20,965,000</u>
Total direct and overlapping debt			<u><u>\$ 35,430,054</u></u>

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

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

The estimated percentage applicable for debt repaid with property taxes is calculated using the property value of the overlapping area and the overlapping government.

The estimated percentage applicable for other debt is calculated using the estimated population totals for the

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 53,739,070	\$ 53,636,886	\$ 48,826,993	\$ 48,646,335	\$ 47,020,225	\$ 48,078,341	\$ 51,642,484	\$ 52,671,610	\$ 54,941,624	\$ 55,446,342
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 53,739,070	\$ 53,636,886	\$ 48,826,993	\$ 48,646,335	\$ 47,020,225	\$ 48,078,341	\$ 51,642,484	\$ 52,671,610	\$ 54,941,624	\$ 55,446,342
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Under the provisions of the City of Durango Charter, Article IV, Section 21, the aggregate amount of bonds or other forms of indebtedness payable in whole or in part from the proceeds of ad valorem taxes, or to which the full faith and credit of the City are pledged (excluding such debt relating to water and excluding securities issued under Section 23) shall not exceed ten percent of the assessed valuation of the taxable property within the City, as shown in the most recent assessment for City purposes.

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	\$ 554,463,420
Debt limit (10% of assessed valuation)	55,446,342
Debt applicable to limit:	-
General obligation bonds	-
Less: Amount set aside for repayment	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 55,446,342</u>

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

<u>Fiscal</u> <u>Year</u>	<u>Pledged</u> <u>Sales Tax</u>	<u>Pledged</u> <u>Use Tax</u>	<u>Revenue</u> <u>Available for</u> <u>Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	-	-	-	-	-	-	0.00
2010	-	-	-	-	-	-	0.00
2011	-	-	-	-	-	-	0.00
2012	-	-	-	-	-	-	0.00
2013	-	-	-	-	-	-	0.00
2014	-	-	-	-	-	-	0.00
2015	-	-	-	-	-	-	0.00
2016	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	0.00

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

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2009	1,468,016	58,354	1,526,370	645,000	612,119	1,257,119	1.21
2010	1,460,242	67,077	1,527,319	670,000	586,319	1,256,319	1.22
2011	1,512,895	69,553	1,582,448	695,000	559,519	1,254,519	1.26
2012	1,596,438	125,161	1,721,599	725,000	531,719	1,256,719	1.37
2013	1,692,176	114,825	1,807,001	750,000	502,719	1,252,719	1.44
2014	1,779,655	99,759	1,879,414	780,000	472,719	1,252,719	1.50
2015	1,876,581	120,760	1,997,341	815,000	441,519	1,526,519	1.31
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-

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

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2009	11,746,290	467,047	12,213,337	833,045	327,279	1,160,324	-
2010	11,686,383	536,861	12,223,244	840,000	326,283	1,166,283	10.48
2011	12,108,845	556,672	12,665,517	865,000	298,983	1,163,983	10.88
2012	12,777,690	1,001,738	13,779,428	895,000	270,870	1,165,870	11.82
2013	13,543,897	919,016	14,462,913	935,000	239,545	1,174,545	12.31
2014	14,243,981	797,772	15,041,753	965,000	209,625	1,174,625	12.81
2015	15,019,744	966,518	15,986,262	1,005,000	173,438	1,178,438	13.57
2016	15,436,263	871,765	16,308,028	1,040,000	133,238	1,173,238	13.90
2017	15,581,172	1,194,087	16,775,259	1,085,000	91,638	1,176,638	14.26
2018	15,873,878	1,074,400	16,948,278	1,135,000	48,238	1,183,238	14.32

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

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

<u>Fiscal Year</u>	<u>Pledged Sales Tax</u>	<u>Pledged Use Tax</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	11,746,290	467,047	12,213,337	415,000	447,577	862,577	14.16
2010	11,686,383	536,861	12,223,244	655,000	679,085	1,334,085	9.16
2011	12,108,845	556,672	12,665,517	680,000	652,885	1,332,885	9.50
2012	12,777,690	1,001,738	13,779,428	695,000	635,885	1,330,885	10.35
2013	13,543,897	919,016	14,462,913	715,000	618,510	1,333,510	10.85
2014	14,243,981	797,772	15,041,753	730,000	600,635	1,330,635	11.30
2015	15,019,744	966,518	15,986,262	755,000	578,735	1,333,735	11.99
2016	15,436,263	871,765	16,308,028	775,000	554,198	1,329,198	12.27
2017	15,581,172	1,194,087	16,775,259	800,000	529,010	1,329,010	12.62
2018	15,873,878	1,074,400	16,948,278	830,000	65,525	895,525	18.93

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

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

<u>Fiscal Year</u>	<u>Pledged Sales Tax</u>	<u>Pledged Use Tax</u>	<u>Revenue Available for Debt Service</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	1,928,602	108,922	2,037,524	-	-	-	0.00
2017	1,946,721	149,493	2,096,214	980,000	195,432	1,175,432	1.78
2018	1,983,384	134,239	2,117,623	1,000,000	175,440	1,175,440	1.80

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

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

<u>Fiscal Year</u>	<u>City Population (1)</u>	<u>County Population (1)</u>	<u>Personal Income (2)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2009	16,586	51,291	2,046,678,000	39,769	5.7%
2010	16,887	51,334	2,073,769,260	42,364	6.9%
2011	16,903	51,431	2,149,060,330	43,453	5.5%
2012	17,033	51,944	2,207,784,320	45,476	6.0%
2013	17,269	52,506	2,484,802,000	46,633	5.5%
2014	17,689	53,446	2,579,790,000	47,784	5.1%
2015	17,834	53,989	2,815,067,000	51,475	3.0%
2016	18,101	54,688	2,843,289,000	51,117	2.9%
2017	18,503	55,623	2,932,800,000	52,759	3.1%
2018	18,465	55,589	N/A	N/A	3.0%

Sources:

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

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

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

<u>Employer</u>	<u>2018*</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment*</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Mercy Medical Center	1321	3.8%	719	2.0%
Durango School District 9R	1011	2.9%	824	2.3%
Southern Ute Tribe	980	2.8%	854	2.4%
Fort Lewis College	611	1.7%	687	1.9%
City of Durango	595	1.7%	501	1.4%
Crossfire	474	1.4%	-	0.0%
La Plata County	458	1.3%	406	1.1%
Southern Ute Lodge & Casino	400	1.1%	-	0.0%
Vantiv	360	1.0%	222	0.6%
Wal-Mart	322	0.9%	395	1.1%
Durango Mountain Resort/Purgatory	-	0.0%	295	0.8%
San Juan Basin Health Unit	-	0.0%	208	0.6%
Bayfield School District 11JT	-	0.0%	208	0.6%
Total	6,532	18.7%	5,319	15.1%
Total La Plata County Employment	35,008	100%	35,325	100%

Source: Region 9 Economic Development District of SW Colorado

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

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

The most recent data available is provided in the schedule.

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

Fiscal Year	Property Value (1)			Commercial Construction (2)		New Residential & Other Construction (2)	
	Commercial	Residential	Total	Number of Permits	Value	Number of Permits(Units)	Value
2009	1,246,459,259	2,201,193,467	3,447,652,726	0	-	21 (30)	15,589,725
2010	1,246,459,259	2,201,193,467	3,447,652,726	3	1,067,588	25 (54)	15,589,170
2011	944,478,790	2,071,047,330	3,015,526,120	4	1,449,910	39 (42)	7,822,044
2012	944,478,790	2,071,047,330	3,015,526,120	9	20,666,680	391(42)	23,353,205
2013	911,382,230	2,009,083,420	2,920,465,650	5	11,803,699	516(100)	36,622,639
2014	935,081,880	2,047,280,250	2,982,362,130	4	4,745,726	70(138)	20,860,867
2015	957,824,280	2,382,562,440	3,340,386,720	7	9,909,232	495(196)	49,571,608
2016	1,039,534,330	2,729,145,880	3,768,680,210	7	2,164,878	434(111)	37,586,147
2017	1,047,965,070	2,786,167,240	3,834,132,310	12	27,641,356	533(355)	56,964,095
2018	NA	NA	NA	10	21,990,065	571(124)	37,190,578

Sources:

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

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

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program										
General government	65.00	54.00	52.37	53.42	57.25	66.42	69.42	69.42	72.55	72.55
Public safety	89.00	84.00	84.00	84.00	85.00	86.00	86.00	87.00	88.00	88.00
Public works	26.00	23.00	19.00	18.50	19.00	19.00	21.00	23.00	23.10	24.10
Parks and recreation	29.00	24.00	24.00	26.00	29.00	30.00	32.00	32.00	33.00	38.00
Library	22.50	21.50	20.50	20.50	20.50	20.50	20.50	20.50	20.50	20.00
Joint venture airport	14.00	12.00	16.00	16.00	17.00	17.00	21.00	23.00	23.00	23.00
Water utility	16.00	16.00	16.00	15.75	17.00	21.60	20.80	21.80	21.35	20.25
Sewer utility	12.00	12.00	12.00	12.75	16.00	16.40	17.40	17.80	21.35	23.45
Parking	5.00	6.00	6.00	6.00	6.00	0.00	0.00	0.00	0.00	0.00
Sustainable Services	8.75	10.00	12.50	12.50	12.50	12.00	12.33	13.34	13.15	13.15
Public transit	17.00	17.00	17.33	18.33	19.33	0.00	0.00	0.00	0.00	0.00
Transportation Services	0.00	0.00	0.00	0.00	0.00	27.33	30.00	32.00	32.25	27.25
Total	304.25	279.50	279.70	283.75	298.58	316.25	330.45	339.86	348.25	349.75

Source: City Budgets.

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

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

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	365	416	392	400	521	572	502	441	545	581
Value of buildings (millions)	\$ 38.6	\$ 16.7	\$ 22.5	\$ 44.0	\$ 48.4	\$ 40.2	\$ 42.5	\$ 39.8	\$ 84.6	\$ 59.1
Building construction inspections	860	802	781	854	1,191	1,141	1,182	1,126	1,100	1,177
Acres annexed	9,934	0	592,965	772.2	774.82	3655.9	3655.9	3655.9	91.41	1994.8
Area in square miles	9.85	9.85	10.83	11.12	13.85	19.57	19.57	19.57	13.98	17.07
Public Safety										
Total number of police incidents	32,607	34,730	37,836	39,705	34,105	37,466	39,702	40,673	38,705	37,106
Number of 911 calls received	16,299	16,483	16,071	18,180	17,677	18,855	19,002	20,195	19,644	19,995
Public Works										
Street miles swept	8,136	8,124	10,357	11,873	10,840	10,630	11,317	12,100	13,594	12,286
Tons hot mix applied	254	355	169	242	302	225	359	339	407	360
Signs replaced/installed	956	770	1,931	2,448	2,149	1,546	1,439	1,933	1,750	1,314
Snow hauled (cubic yards)	32,580	34,760	10,490	18,975	8,998	380	15,190	17,620	11,970	566
Parks and Recreation										
Recreation Center admissions	348,881	331,569	339,906	339,666	362,889	371,149	366,006	370,376	370,385	386,613
Program participants	32,368	29,765	30,820	30,987	34,541	36,712	37,445	38,373	42,795	88,714
Park & River permits issued	188	185	180	213	221	250	267	303	288	226
Library										
Number of volumes/materials	101,401	103,346	111,461	118,501	106,432	107,963	120,508	116,455	118,413	120,185
Collection Use	378,859	372,643	410,083	430,370	430,803	438,058	448,803	408,506	402,591	412,874
Water utility										
Gallons of water treated (MG)	1,274	1,410	1,366	1,473	1,560	1,428	1,194	1,232	1,225	1,218
Number of water consumers	6,281	6,213	6,252	6,510	6,467	6,554	6,485	6,410	6,432	7,023
Water main breaks	24	24	18	28	25	27	19	32	24	61
Sewer utility										
Gallons of wastewater treated (MG)	716	715	710	720	698	667	718	730	717	542
Average daily use (MG)	1.962	1.959	1.945	1.963	1.914	1.826	1.982	1.996	1.935	1.488
Solid waste										
Commercial accounts	395	453	430	450	486	537	552	571	589	600
Residential	4,375	4,442	4,422	4,469	4,542	4,548	4,574	4,746	4,991	5,111
Cubic yards refuse hauled	17,291	20,399	21,400	21,966	24,288	23,584	24,826	25,146	26,145	25,510
Public transit										
Passengers	436,768	490,582	583,622	629,573	613,621	583,756	472,943	470,703	478,358	359,368
Cost per trip (dollars)	\$ 3.93	\$ 6.38	\$ 3.68	\$ 3.59	\$ 3.29	\$ 2.59	\$ 4.64	\$ 4.95	\$ 4.47	\$ 6.54

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>Public Safety</i>										
Number of police vehicles	33	33	34	36	37	37	37	38	39	39
<i>Public Works</i>										
Miles of streets	74.83	74.9	74.9	74.9	74.9	74.9	74.9	77.15	77.15	77.15
<i>Parks and Recreation</i>										
Parkland-developed acres	174.09	174.09	174.09	174.09	175.69	175.69	193.67	193.67	197.61	197.61
Parkland- undeveloped acres	111.43	111.43	111.43	112.17	112.55	112.55	109.85	109.85	108.07	108.07
Open space -acres	1510.61	2245.00	2639.00	2724.00	2867.45	3001.08	3001.63	3004.98	4994.33	4994.33
Number of playgrounds	19	19	19	19	19	19	19	19	22	22
<i>Library</i>										
Number of libraries	1	1	1	1	1	1	1	1	1	1
<i>Water utility</i>										
Miles of water lines	134.3	134.62	134.62	134.62	135.6	136	137	145.6	146.38	146.38
<i>Sewer utility</i>										
Miles of sewer lines	96.05	96.13	96.13	96.13	100	101.5	101.5	104.7	107.05	107.05
<i>Parking</i>										
Number of parking lots	4	4	4	4	4	4	4	4	4	4
<i>Solid waste</i>										
Transfer station	1	1	1	1	1	1	1	1	1	1
Recycling center	1	1	1	1	1	1	1	1	1	1
<i>Public transit</i>										
Number of buses	15	15	16	13	16	16	16	16	16	13



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Durango's basic financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control Over Financial Reporting

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

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

Honorable Mayor and Member of the City Council
City of Durango

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
June 12, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Durango's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Durango's major federal programs for the year ended December 31, 2018. The City of Durango's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Honorable Mayor and
Members of the City Council
Durango, Colorado

Opinion on Each Major Federal Program

In our opinion, the City of Durango complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Broomfield, Colorado
June 12, 2019

City of Durango, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Airport Improvement Program	20.106	AIP 46	350,428
Airport Improvement Program	20.106	AIP 49	496,874
Airport Improvement Program	20.106	AIP 50	1,801,469
Airport Improvement Program	20.106	AIP 51	221,379
Total Airport Improvement Program			<u>2,870,150</u>
Pass-Through Program From:			
Colorado Department of Transportation			
FTA Public Transportation Grant	20.509	5311	820,373
FTA Public Transportation Grant	20.513	5310	104,740
FTA Public Transportation Grant	20.526	5339	98,368
FHWA Safe Routes to School	20.205	21503	50,539
Total Colorado Department of Transportation Program			<u>1,074,020</u>
Total U.S. Department of Transportation			<u>3,944,170</u>
U.S. Department of the Interior:			
Bureau of Reclamation	15.524		384,700
Sport Fish Restoration Program	15.605		285,000
Total U.S. Department of the Interior			<u>669,700</u>
U.S. Department of Justice			
Pass Through Program from:			
Colorado Department of Public Safety			
Internet Crimes Against Children	16.543		4,000
Total U.S. Department of Justice			<u>4,000</u>
U.S. Department of Homeland Security:			
Pass Through Program from:			
Colorado Department of Homeland Security and Emergency Management			
Office of Emergency Management, Emergency Management Performance Grant	97.042	17EM18135	30,000
Total U.S. Department of Homeland Security			<u>30,000</u>
U.S. Department of Housing and Urban Development:			
Pass Through Program from:			
Colorado Department of Local Affairs			
Community Development Block Grant	14.228	16-038	284,000
Total U.S. Department of Housing and Urban Development			<u>284,000</u>
Environmental Protection Agency			
Capital Grants for Clean Water State Revolving Funds	66.458		
Pass Through Program from:			
Colorado Water Resources & Power Development Authority			5,074,553
Total Environmental Protection Agency			<u>5,074,553</u>
Total Expenditures of Federal Awards			<u>\$ 10,006,423</u>

Notes to schedule:

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

**CITY OF DURANGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Funds Cluster)
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? _____ yes x no

**CITY OF DURANGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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