

CITY OF LA JUNTA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CITY OF LA JUNTA, COLORADO

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HANCOCK FROESE & COMPANY LLC

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

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

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of La Junta, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of La Junta, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of La Junta, Colorado, as of December 31, 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, analysis, pension schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2019, on our consideration of the City of La Junta, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of La Junta, Colorado'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 La Junta, Colorado's internal control over financial reporting and compliance

Hancock Froese & Company LLC

Hancock Froese & Company LLC

Rocky Ford, Colorado
May 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S

DISCUSSION AND ANALYSIS

The management of The City of La Junta, Colorado (the "City") offers readers of the City's annual financial report this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

FINANCIAL HIGHLIGHTS

1. Assets of the City exceed its liabilities by \$63,387,622 in 2018 compared to \$62,430,788 in 2017. Of these amounts, the City's Business-type Activities were \$37,949,992 in 2018 compared to \$36,752,096 in 2017 and the City's Governmental Activities were \$25,437,630 in 2018 compared to \$25,678,692 in 2017. Unrestricted net position total was \$14,392,274 in 2018 compared to \$14,398,700 in 2017 and may be used to meet the City's on-going obligations.
2. By far, the largest portion of the City's net position is its net investment in capital assets. Net investment in capital assets was \$47,228,211 in 2018 compared to \$46,406,155 in 2017. The infrastructure consists of streets, bridges, and storm sewers. Estimated historical cost was used to initially value the infrastructure.
3. The City's debt for the enterprise funds is for the construction of a waste-water treatment facility and the construction of a reverse osmosis water treatment plant with associated raw water mains and water main across the Arkansas River. The City received loans of \$13,348,899 in 2015 and an additional \$3,000,000 in 2018 to construct the new waste-water facility and \$1,830,000 in 2009 to construct new water tanks. These loans are through the Colorado Water Resource and Power Development Authority. Also included in enterprise fund debt are sewer lagoon improvements at the Industrial Park, post closure costs on landfill, and compensated absences for a total noncurrent liability balance reported of \$19,729,676 in 2018 compared to \$17,994,866 in 2017. Otero County Landfill Inc. (OCLI) required the City to fund post closure costs for the Sanitation Fund of \$405,700.
4. The Restricted Net Position includes 1) \$239,000 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, 2) \$361,275 of non-expendable endowments for the library and cemetery, 3) \$100,947 restricted assets, 4) \$69,869 of non-expendable notes, 5) \$137,046 for conservation trust, and 6) \$859,000 of cash restricted for operations and maintenance.
5. The City continues working with ARPA with the power plant in Lamar. It is involved in a lawsuit with B&W on its inability to get the boiler to comply with EPA regulations on emissions. ARPA won the lawsuit, but is waiting to see if they appeal the decision. The plant is on the market for sale. ARPA is looking for a new power purchase agreement for power after 2015 when their current contract runs out.
6. The City's **governmental funds** reported a combined ending fund balance of \$6,713,182 in 2018 compared to \$6,629,179 in 2017 including the General Fund with \$5,077,381 in 2018 compared to \$5,074,466 in 2017, the Southwest Amtrak Improvement Fund with \$0 in 2018 and 2017 and other non-major Governmental Funds with \$1,635,801 in 2018 compared to \$1,554,713 in 2017.
7. The **governmental funds** reported total assigned and unassigned fund balances of \$5,805,045 in 2018 compared to \$5,797,246 in 2017. The combined assigned and unassigned fund balance is made up of \$4,737,434 in 2018 compared to \$4,755,227 in 2017 from the General Fund and \$1,067,611 in 2018 compared to \$1,042,019 in 2017 from other non-major funds.
8. The City's **proprietary funds** reported a combined Total Net Position of \$36,855,500 in 2018 compared to \$35,767,118 in 2017 of which \$6,317,448 in 2018 compared to \$6,374,600 in 2017 is unrestricted.
9. The City's **proprietary funds** reported combined cash or equivalents and cash with trustee of \$10,306,712 in 2018 compared to \$17,085,215 in 2017 compared to accumulated depreciation of \$46,360,815 in 2018 compared to \$45,098,006 in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

- Governmental funds
- Proprietary funds
- Internal service funds

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

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

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

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

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

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

Notes to the Basic Financial Statements:

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

Required Supplementary Information:

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

Other Information:

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

Financial Analysis of the City as a Whole

Net Position

Net position may serve as a useful indicator of a government's financial position. In the case of the City of La Junta, assets exceeded liabilities by \$63,387,622 in 2018 compared to \$62,430,788 in 2017. By far the largest portion of the City's net position (75%) reflects the net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the City's control. Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors. The City is able to report positive balances in all three categories of net positions, both for the government as a whole, as well as for its separate governmental and business-type activities.

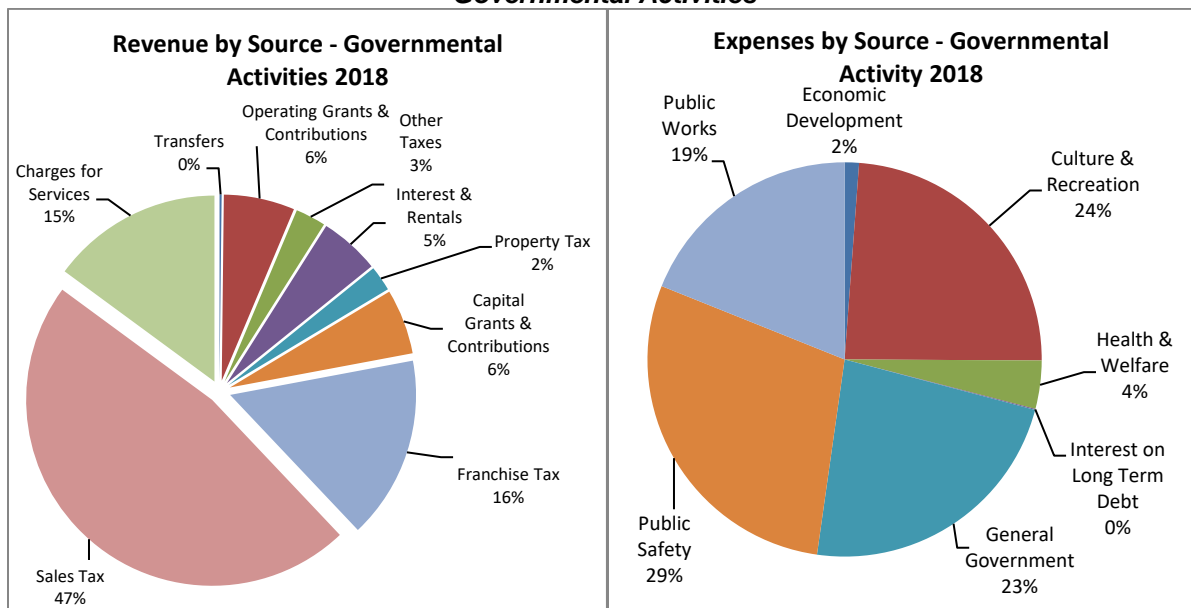
The City's combined net position was:

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other	\$10,777,745	\$11,544,200	\$15,450,579	\$22,186,486	\$26,228,324	\$33,730,686
Capital assets	<u>17,734,220</u>	<u>18,019,995</u>	<u>46,292,034</u>	<u>36,150,523</u>	<u>64,026,254</u>	<u>54,170,518</u>
Total Assets	28,511,965	29,564,195	61,742,613	58,337,009	90,254,578	87,901,204
Deferred Outflows	<u>170,319</u>	<u>195,821</u>	-	-	<u>170,319</u>	<u>195,821</u>
Total Assets and Deferred Outflow	<u>\$28,682,284</u>	<u>\$29,760,016</u>	<u>\$61,742,613</u>	<u>\$58,337,009</u>	<u>\$90,424,897</u>	<u>\$88,097,025</u>
Liabilities:						
Long-term debt	\$ 2,161,608	\$ 2,331,731	\$18,288,758	\$16,769,224	\$20,450,366	\$19,100,955
Other liabilities	<u>905,778</u>	<u>1,647,693</u>	<u>5,503,863</u>	<u>4,815,689</u>	<u>6,409,641</u>	<u>6,463,382</u>
Total Liabilities	<u>3,067,386</u>	<u>3,979,424</u>	<u>23,792,621</u>	<u>21,584,913</u>	<u>26,860,007</u>	<u>25,564,337</u>
Deferred Inflows	<u>177,268</u>	<u>101,900</u>	-	-	<u>177,268</u>	<u>101,900</u>
Net Position:						
Net investment in capital assets	17,549,159	17,807,637	29,679,052	28,598,518	47,228,211	46,406,155
Restricted	908,137	831,933	859,000	794,000	1,767,137	1,625,933
Unrestricted	<u>6,980,334</u>	<u>7,039,122</u>	<u>7,411,940</u>	<u>7,359,578</u>	<u>14,392,274</u>	<u>14,398,700</u>
Total Net Position	<u>25,437,630</u>	<u>25,678,692</u>	<u>37,949,992</u>	<u>36,752,096</u>	<u>63,387,622</u>	<u>62,430,788</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$28,682,284</u>	<u>\$29,760,016</u>	<u>\$61,742,613</u>	<u>\$58,337,009</u>	<u>\$90,424,897</u>	<u>\$88,097,025</u>

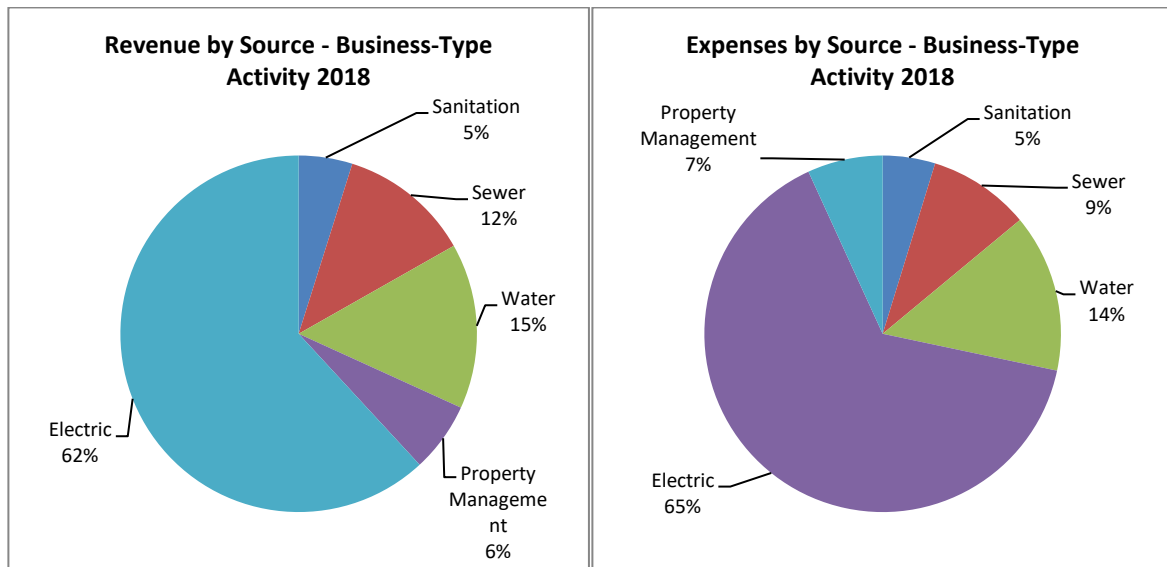
Restrictions in the governmental activities include \$239,000 for statutory reserves for emergencies by TABOR.

**Changes in Net Position
Governmental Activities**



- Governmental activities decreased the City of La Junta’s net position by \$241,062 in 2018 compared to a decrease of \$218,434 in 2017. This was due to a decrease in operating grants and contributions from the prior year as well as the decrease in expenses in Public Works.
- Tax revenues are comprised of property tax, sales and use tax, franchise tax, and other taxes. Sales tax totaled 69% of all taxes and 47% of all governmental activity revenue. The property tax rate is 3.104 mills. It has remained unchanged for over 34 years. Property tax is 3% of all taxes and 2% of the governmental activity revenue.

Business-type activities



- The business-type activities include the Electric, Water, Sewer, Sanitation, and Property Management Funds.
- In the business-type activities, the net position change after transfers and special items was \$1,197,896 in 2018 compared to \$87,110 in 2017.

Charges for services for the business-type activities for 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Electric	\$ 11,794,034	\$ 11,278,773
Water	3,006,221	2,736,743
Sewer	2,448,731	2,173,121
Sanitation	893,927	887,447
Property Management	<u>1,120,252</u>	<u>1,153,819</u>
Total Charges for Services	<u>\$ 19,263,165</u>	<u>\$ 18,229,903</u>

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

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$ 1,240,842	\$ 1,195,070	\$19,263,165	\$18,229,903	\$20,504,007	\$19,424,973
Operating Grants & Contributions	513,130	10,427,307	-	-	513,130	10,427,307
Capital Grants & Contributions	471,563	565,777	405,204	14,450	876,767	580,227

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Revenues						
Property Tax	182,535	182,320	-	-	182,535	182,320
Sales Tax	3,923,723	3,799,659	-	-	3,923,723	3,799,659
Franchise Tax	1,322,795	1,283,500	-	-	1,322,795	1,283,500
Other Taxes	218,566	201,159	-	-	218,566	201,159
Interest	39,873	35,195	78,711	72,216	118,584	107,411
Other & Rentals	<u>394,058</u>	<u>210,950</u>	<u>80,147</u>	<u>44,935</u>	<u>474,205</u>	<u>255,885</u>
Total Revenues	<u>\$ 8,307,085</u>	<u>\$17,900,937</u>	<u>\$19,827,227</u>	<u>\$18,361,504</u>	<u>\$28,134,312</u>	<u>\$36,262,441</u>
Expenses						
General Government	\$ 1,979,916	\$ 2,748,276	\$ -	\$ -	\$ 1,979,916	\$ 2,748,276
Public Safety	2,468,641	2,233,903	-	-	2,468,641	2,233,903
Public Works	1,621,197	10,960,014	-	-	1,621,197	10,960,014
Health & Welfare	338,811	297,499	-	-	338,811	297,499
Culture & Recreation	2,047,203	1,800,652	-	-	2,047,203	1,800,652
Economic Development	100,634	171,632	-	-	100,634	171,632
Interest-Long Term Debt	6,834	7,137	-	-	6,834	7,137
Electric	-	-	12,340,077	11,947,677	12,340,077	11,947,677
Water	-	-	2,601,210	2,532,179	2,601,210	2,532,179
Sewer	-	-	1,634,098	1,741,749	1,634,098	1,741,749
Sanitation	-	-	845,471	774,651	845,471	774,651
Property Management	-	-	1,319,686	1,340,246	1,319,686	1,340,246
Total Expenses	<u>8,563,236</u>	<u>\$18,219,113</u>	<u>18,740,542</u>	<u>18,336,502</u>	<u>27,303,778</u>	<u>36,555,615</u>
Excess (Deficiency) Before Transfers and Special Items	(256,151)	\$ (318,176)	1,086,685	25,002	830,534	(293,174)
Transfers In (Out)	15,089	99,742	(15,089)	(99,742)	-	-
Special Items	<u>-</u>	<u>-</u>	<u>126,300</u>	<u>161,850</u>	<u>126,300</u>	<u>161,850</u>
Change in Net Position	(241,062)	(218,434)	1,197,896	87,110	956,834	(131,324)
Net Position - Beginning	<u>25,678,692</u>	<u>25,897,126</u>	<u>36,752,096</u>	<u>36,664,986</u>	<u>62,430,788</u>	<u>62,562,112</u>
Net Position Ending	<u>\$25,437,630</u>	<u>\$25,678,692</u>	<u>\$37,949,992</u>	<u>\$36,752,096</u>	<u>\$ 63,387,622</u>	<u>\$62,430,788</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the City of La Junta's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. As of the end of the year, the City's governmental funds reported a combined fund balance of \$6,713,182 in 2018 compared to \$6,629,179 in 2017. This is an increase of \$84,003. Of that fund balance, \$3,459,834 in 2018 compared to \$3,591,527 in 2017 constitutes unassigned fund balance, which is available for spending at the government's discretion. This is a decrease of \$131,693. Restricted and Nonspendable fund balances increased to \$908,137 in 2018 from \$831,933 in 2017.

The portion of the fund balance that is not available for new spending is for receivables not currently available of \$69,869, and is restricted for permanent endowments of \$361,275, for a state constitution mandated emergency reserve-TABOR of \$239,000, conservation trust of \$137,046 and cash of \$100,947.

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,459,834 in 2018 compared to \$3,591,527 in 2017, while the total fund balance was \$5,077,381 in 2018 compared to \$5,074,466 in 2017. The General Fund had revenues over expenditures in the amount of \$2,915 in 2018 compared to revenues under expenditures in 2017 in the amount of \$389,761.

The **Southwest Amtrak Improvement Fund** is a special revenue fund used to account for the revenues and expenditures made and received for the Southwest Chief Route Advancement and Improvement Project. This is a reimbursement grant therefore in 2018 both revenue and expenditures recognized were \$0 compared to \$9,812,156 in 2017. As of December 31, 2018 and 2017, receivables in the amount of \$57,328 and \$568,824, respectively, were recognized from Federal and Non-Federal sources.

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

PROPRIETARY FUNDS

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

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

	<u>Change in Net Position – Proprietary Funds</u>			
	Unrestricted Net Position		Change in Net Position	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Major Enterprise Funds</u>				
Electric	\$ 6,858,739	\$ 7,031,532	\$ (480,043)	\$ (537,289)
Water	446,679	450,627	423,395	244,797
Sewer	(1,990,086)	(1,810,383)	1,054,014	423,332
Sanitation	1,067,310	1,142,029	160,651	246,853
Property Management	(65,194)	(439,205)	(69,635)	(301,847)
Total Enterprise Funds	<u>\$ 6,317,448</u>	<u>\$ 6,374,600</u>	<u>\$ 1,088,382</u>	<u>\$ 75,846</u>

INTERNAL SERVICES FUNDS

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

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

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

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

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

In 2018, operating revenues in the Employee Benefit Fund increased by \$16,841 (1%) due to an increase in the number of employees enrolled in the city offered benefit. Operating expenses for the Employee Benefit fund decreased \$148,327.

The **City Services Fund** is used as a resource base to purchase requested equipment (over \$5,000) for the various departments. Assets are purchased through the fund, amortized costs are then charged to each department as a “rental charge.” When an item needs replaced, adequate funds have been generated through the on-going rental fees to make a replacement purchase. Revenues totaled \$1,216,796 in 2018 compared to \$1,094,034 in 2017. Increases are due to the adjustments in maintenance, fuel prices, and computer services that are paid by the city departments. The change in net position was \$62,655 in 2018 compared to (\$14,992) in 2017.

BUDGETARY HIGHLIGHTS

- In 2018, the City of La Junta continued building a New Wastewater Treatment plant, started demolition of vacant and burnt houses, started working with Engineers on a distributed generation at each critical load site in order to increase resiliency from big weather events, and further progressed on the clearing of the Anderson Arroyo to help pass floods, lower fire dangers and clear for a recreation trail.
- The City of La Junta and SECOM/Southeast Colorado Power finished an asset exchange where we exchanged the CenturyTel building located at the Industrial Park and some land to the east for SECOM/Southeast Administration building and motor pool and conference building on west 3rd Street and the Southeast crew shops located behind the Holiday Inn Express on Dalton Avenue.
- The Otero County Commissioners purchased a property through a grant to purchase the crew shop on Dalton Ave. to relocate the District 1 road and bridge crew on 3rd and Lawrence Avenue. This is a great example of government, private sector, and a non-profit working together to better our community.
- The City started working on funding for an intergenerational park along the Anderson Arroyo.
- The City continued building on a new Wastewater Treatment plant that will meet EPA regulations and ensure that we are good stewards of our water sources. This project will be completed by mid year 2019.
- Tom Seaba, Director of Water, Wastewater, and Motor Pool Joe Kelley. Tom has served our community well from the first day. He is instrumental in the construction of the new Wastewater Treatment plant as well as working a future water supply with the purchase of water rights along the Holbrook Canal and continuing the conduit project that will help 42 communities in Southeast Colorado meet water standards with a pipeline out of Pueblo Reservoir.
- The City purchased an excavator that is helping us clear the debris out of the Anderson Arroyo, but also used it to build sections of a trail system along it. We will use the excavator to demolish vacant or burnt out structures or assist other departments with their needs. We received an EPA grant to help with costs on some of the other buildings that need to be demolished in 2019.
- The Utility Board put into place a dormant fee for properties that turn their utilities shut off. This is helping us ensure everyone is paying for the maintenance of Electric, Water and Wastewater systems. This will help keep our rates down.
- Cynthia Nieb for Economic Development/Urban Renewal Director, worked on getting La Junta certified as a CLG, Certified Local Government through the State Historic Society, As a Colorado Main Street and opportunity zone.
- The City remodeled the old JJ Newberry building for a place to create for entrepreneurs.
- The City worked with the school district on Primary (West School).
- The City completed worked with FAA and CDOT to rehabilitate one of the taxiways at the Airport.
- The City also helped businesses through a 50/50 sidewalk replacement program.
- The City completed the upgrade of the accounting software. This is helping us with automatic reading meters and sure we are being consistent with our billings, reduce paper use and have proper checks and balances on our finances.
- We continued working on a GIS system to better serve our customers in making better decisions for maintenance, replacement and increase knowledge of our infrastructure.
- The City finished its work on Amtrak’s Southwest Chief with TIGER 7 that the City was the sponsor of \$24.5 million grant. All work was completed by the end of 2017 and a new grant for TIGER 9 with Colfax County, New Mexico taking the lead was submitted and accepted.

Supplemental Budget Appropriations were made for the following funds:

- General Fund
- Internal Services Fund
- Property Management Fund
- Lodging Tax Tourism Fund
- Electric Fund
- Water Fund
- Sewer Fund
- Conservation Trust Fund

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had invested \$64,026,254 compared to \$54,170,518 in 2017, in a broad range of capital assets, including land, equipment, buildings, electric, water, and sewer lines. The change is due to more acquisitions, the continued construction on the new waste-water treatment facility, fewer disposals of assets and the increase in depreciation expense.

Long-term Debt

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

**ECONOMIC FACTORS
AFFECTING FUTURE FINANCIAL CONDITIONS**

- Factors, which have the potential to significantly impact the City's 2019 budget, include the on-going world-wide economic conditions and federal appropriations with new administration that concerns us as well as the nation. Rising costs of health insurance, increasing fuel costs, subsequent reductions in funding, rising cost of purchasing electricity, Minimum wage going up, and increasingly restrictive EPA regulations on water and wastewater. Also, the additional water loss from farms to the Front Range.
- Colorado's economy is growing fast. Historically, La Junta has not experienced the booming economy that much of Colorado has experienced during the good times. Its economic trends have been relatively status quo, and the significant impacts are negative ones that have impacted us so drastically the last few years. The downward population trends can have long-term impacts, if not reversed.
- Water conservation began in 2003 and shortage of water has been a factor. The City has purchased 887.70 shares of Holbrook Canal. The City is currently working on converting these water rights for beneficial use.
- The Lamar Repowering project will have long term effect to our customers through the electric rates charged to ARPA member cities until 2042.
- Saving Amtrak's Southwest Chief from being cut along with all of the long-distance trains. We will not have the ability to access the nation's passenger rail system if this is discontinued. We have formed a coalition that is working closely with Amtrak, BNSF, CDOT, KDOT, NMDOT and the affected communities to secure funding to replace the needed rail infrastructure. This is still an ongoing project. We have been successful for a record three TIGER grants with another grant applied for in 2019.
- The construction of a new wastewater treatment plant will affect the rates. The project is on track to be completed early 2019.
- The increase of Minimum wage up to \$12 per hour by 2020 is having a negative effect of our ability to perform services as in the past.
- We see growth with our industries and the housing market is booming as we see people from the Front Range relocating here.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH OR EQUIVALENTS	\$ 10,700,612	\$ 7,372,062	\$ 18,072,674
RESTRICTED CASH	100,947	-	100,947
CASH WITH TRUSTEE	51,370	2,934,650	2,986,020
RECEIVABLES - NET			
ACCOUNTS	336,815	1,883,648	2,220,463
TAXES	521,091	-	521,091
NOTES	69,869	-	69,869
OTHER	4,680	-	4,680
INTERNAL BALANCES	(1,094,492)	1,094,492	-
INVENTORIES	86,853	2,125,986	2,212,839
DEPOSITS	-	39,741	39,741
CAPITAL ASSETS			
LAND AND WATER RIGHTS	1,222,765	3,120,856	4,343,621
CONSTRUCTION IN PROGRESS	408,782	17,231,739	17,640,521
BUILDINGS	7,669,622	33,377,902	41,047,524
SYSTEMS	-	33,831,496	33,831,496
IMPROVEMENTS	6,534,360	-	6,534,360
EQUIPMENT	5,854,878	5,090,856	10,945,734
INFRASTRUCTURE	32,581,909	-	32,581,909
ACCUMULATED DEPRECIATION	(36,538,096)	(46,360,815)	(82,898,911)
TOTAL ASSETS	28,511,965	61,742,613	90,254,578
DEFERRED OUTFLOWS OF RESOURCES			
PENSION RELATED	170,319	-	170,319
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 28,682,284	\$ 61,742,613	\$ 90,424,897
LIABILITIES			
ACCOUNTS PAYABLE	\$ 816,133	\$ 2,794,753	\$ 3,610,886
ACCRUED EXPENSES	4,064	187,333	191,397
CUSTOMERS DEPOSITS	-	161,596	161,596
UNEARNED REVENUES	-	919,263	919,263
DUE TO OTHER ENTITIES	57,328	-	57,328
NON CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	28,253	1,440,918	1,469,171
DUE IN MORE THAN ONE YEAR	2,161,608	18,288,758	20,450,366
TOTAL LIABILITIES	3,067,386	23,792,621	26,860,007
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PENSION RELATED	71,868	-	71,868
DEFERRED REVENUES - PROPERTY TAXES	105,400	-	105,400
	177,268	-	177,268
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	17,549,159	29,679,052	47,228,211
RESTRICTED FOR:			
EMERGENCIES - TABOR	239,000	-	239,000
RESTRICTED ASSETS	100,947	-	100,947
NON EXPENDABLE NOTES	69,869	-	69,869
NON EXPENDABLE ENDOWMENTS	361,275	-	361,275
CONSERVATION TRUST	137,046	-	137,046
OPERATIONS & MAINTENANCE	-	859,000	859,000
UNRESTRICTED	6,980,334	7,411,940	14,392,274
TOTAL NET POSITION	25,437,630	37,949,992	63,387,622
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 28,682,284	\$ 61,742,613	\$ 90,424,897

CITY OF LA JUNTA, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 1,979,916	\$ 587,400	\$ 9,000	\$ -
PUBLIC SAFETY	2,468,641	113,066	11,509	451,756
PUBLIC WORKS	1,621,197	252,806	316,319	19,807
HEALTH AND WELFARE	338,811	52,163	-	-
CULTURE AND RECREATION	2,047,203	235,407	176,302	-
ECONOMIC DEVELOPMENT	100,634	-	-	-
INTEREST ON LONG TERM DEBT	6,834	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	8,563,236	1,240,842	513,130	471,563
BUSINESS-TYPE ACTIVITIES:				
ELECTRIC	12,340,077	11,794,034	-	-
WATER	2,601,210	3,006,221	-	30,042
SEWER	1,634,098	2,448,731	-	250,401
SANITATION	845,471	893,927	-	-
PROPERTY MANAGEMENT	1,319,686	1,120,252	-	124,761
TOTAL BUSINESS-TYPE ACTIVITIES	18,740,542	19,263,165	-	405,204
TOTAL PRIMARY GOVERNMENT	\$ 27,303,778	\$ 20,504,007	\$ 513,130	\$ 876,767

GENERAL REVENUES:

PROPERTY TAXES
 SALES TAXES
 FRANCHISE TAXES
 OTHER TAXES
 INTEREST
 MISCELLANEOUS AND RENTALS
 TRANSFERS
 SPECIAL ITEMS

TOTAL GENERAL REVENUES, TRANSFERS
 AND SPECIAL ITEMS

CHANGE IN NET POSITION

NET POSITION JANUARY 1

NET POSITION DECEMBER 31

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,383,516)	\$ -	\$ (1,383,516)
(1,892,310)	-	(1,892,310)
(1,032,265)	-	(1,032,265)
(286,648)	-	(286,648)
(1,635,494)	-	(1,635,494)
(100,634)	-	(100,634)
(6,834)	-	(6,834)
<u>(6,337,701)</u>	<u>-</u>	<u>(6,337,701)</u>
-	(546,043)	(546,043)
-	435,053	435,053
-	1,065,034	1,065,034
-	48,456	48,456
-	(74,673)	(74,673)
<u>-</u>	<u>927,827</u>	<u>927,827</u>
<u>(6,337,701)</u>	<u>927,827</u>	<u>(5,409,874)</u>
182,535	-	182,535
3,923,723	-	3,923,723
1,322,795	-	1,322,795
218,566	-	218,566
39,873	78,711	118,584
394,058	80,147	474,205
15,089	(15,089)	-
-	126,300	126,300
<u>6,096,639</u>	<u>270,069</u>	<u>6,366,708</u>
(241,062)	1,197,896	956,834
<u>25,678,692</u>	<u>36,752,096</u>	<u>62,430,788</u>
<u>\$ 25,437,630</u>	<u>\$ 37,949,992</u>	<u>\$ 63,387,622</u>

CITY OF LA JUNTA, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2018

	GENERAL	SOUTHWEST AMTRAK IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH OR EQUIVALENTS	\$ 5,074,385	\$ -	\$ 1,611,598	\$ 6,685,983
CASH WITH TRUSTEE	51,370	-	-	51,370
RESTRICTED CASH	100,947	-	-	100,947
RECEIVABLES				
ACCOUNTS AND GRANTS	88,049	57,328	-	145,377
TAXES	506,132	-	14,959	521,091
NOTES	-	-	69,869	69,869
OTHER	1,438	-	2,000	3,438
DUE FROM (TO) OTHER FUNDS	36,135	-	(36,135)	-
TOTAL ASSETS	\$ 5,858,456	\$ 57,328	\$ 1,662,291	\$ 7,578,075
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 675,675	\$ -	\$ 26,490	\$ 702,165
UNEARNED REVENUE	-	-	-	-
DUE TO OTHER ENTITIES	-	57,328	-	57,328
TOTAL LIABILITIES	675,675	57,328	26,490	759,493
DEFERRED INFLOWS OF RESOURCES				
DEFERRED REVENUES - PROPERTY TAXES	105,400	-	-	105,400
FUND BALANCE				
NONSPENDABLE FOR NOTES	-	-	69,869	69,869
RESTRICTED FOR				
EMERGENCIES - TABOR	239,000	-	-	239,000
RESTRICTED ASSETS	100,947	-	-	100,947
CONSERVATION TRUST ENDOWMENTS	-	-	137,046	137,046
ENDOWMENTS	-	-	361,275	361,275
ASSIGNED	1,277,600	-	1,067,611	2,345,211
UNASSIGNED	3,459,834	-	-	3,459,834
TOTAL FUND BALANCES	5,077,381	-	1,635,801	6,713,182
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5,858,456	\$ 57,328	\$ 1,662,291	\$ 7,578,075

SEE NOTES TO FINANCIAL STATEMENTS

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CITY OF LA JUNTA, COLORADO

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

DECEMBER 31, 2018

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 6,713,182
ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS		
LONG TERM RECEIVABLES	\$ 76,535	
DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS	<u>170,319</u>	
		246,854
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.		
THE COST OF CAPITAL ASSETS IS	49,138,999	
ACCUMULATED DEPRECIATION IS	<u>(33,042,394)</u>	
		16,096,605
INVENTORIES ARE EXPENSED IN THE GOVERNMENTAL FUNDS UPON ACQUISITION BUT RECOGNIZED AS AN ASSET IN THE GOVERNMENT WIDE FINANCIAL STATEMENTS		44,400
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF CERTAIN INFORMATION SYSTEMS, OTHER EQUIPMENT AND MEDICAL BENEFIT COSTS TO INDIVIDUAL FUNDS. THE ASSETS AND LIABILITIES OF THE INTERNAL SERVICES FUNDS ARE INCLUDED IN GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION.		4,476,456
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.		
COMPENSATED ABSENCES	(872,653)	
LOAN PAYABLE DEVELOPER	(185,061)	
ACCRUED INTEREST ON THE LOAN	(4,064)	
NET PENSION LIABILITIES	(1,006,221)	
DEFERRED INFLOWS - PENSION RELATED AMOUNTS	<u>(71,868)</u>	
		<u>(2,139,867)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 25,437,630</u></u>

CITY OF LA JUNTA, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2018

	GENERAL	SOUTHWEST AMTRAK IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 5,393,951	\$ -	\$ 262,450	\$ 5,656,401
LICENSES AND PERMITS	26,264	-	-	26,264
INTERGOVERNMENTAL	911,856	-	69,500	981,356
CHARGES FOR SERVICES	1,240,842	-	-	1,240,842
FINES	39,338	-	-	39,338
INTEREST	24,580	-	5,265	29,845
MISCELLANEOUS AND RENTALS	314,800	-	802	315,602
TOTAL REVENUES	7,951,631	-	338,017	8,289,648
EXPENDITURES				
GENERAL GOVERNMENT	1,816,419	-	125,756	1,942,175
PUBLIC SAFETY	2,709,194	-	-	2,709,194
PUBLIC WORKS	1,258,960	-	-	1,258,960
HEALTH AND WELFARE	374,234	-	-	374,234
CULTURE AND RECREATION	1,816,998	-	-	1,816,998
ECONOMIC DEVELOPMENT	-	-	100,634	100,634
DEBT SERVICE	-	-	34,730	34,730
SPECIAL PROJECT	-	-	-	-
TOTAL EXPENDITURES	7,975,805	-	261,120	8,236,925
REVENUES OVER (UNDER) EXPENDITURES	(24,174)	-	76,897	52,723
OTHER FINANCING SOURCES (USES)				
CONTRIBUTIONS	-	-	3,337	3,337
TRANSFERS IN	27,089	-	-	27,089
TRANSFERS OUT	-	-	(12,000)	(12,000)
OTHER	-	-	12,854	12,854
TOTAL OTHER FINANCING SOURCES (USES)	27,089	-	4,191	31,280
NET CHANGE IN FUND BALANCE	2,915	-	81,088	84,003
FUND BALANCE JANUARY 1	5,074,466	-	1,554,713	6,629,179
FUND BALANCE DECEMBER 31	\$ 5,077,381	\$ -	\$ 1,635,801	\$ 6,713,182

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO

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

YEAR ENDED DECEMBER 31, 2018

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

NET CHANGE IN FUND BALANCE	\$ 84,003
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REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE
CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS

CHANGE IN RECEIVABLE FOR FRANCHISE TAX - NOT CURRENT	(8,782)	
CHANGE IN RECEIVABLE FROM OTHER ENTITIES	<u>(46,000)</u>	(54,782)

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN
THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR
ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE
AMOUNT BY WHICH CAPITAL OUTLAYS DIFFER FROM DEPRECIATION IN THE CURRENT PERIOD.

CAPITAL OUTLAY	466,050	
DEPRECIATION EXPENSE AND LOSS ON DISPOSITION	<u>(959,327)</u>	(493,277)

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE
USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE, ARE NOT REPORTED AS
EXPENDITURES IN THE GOVERNMENTAL FUNDS

COMPENSATED ABSENCES	24,464	
PAYMENTS ON NOTE TO DEVELOPER FOR ELIGIBLE REIMBURSEMENT COSTS	27,297	
ACCRUED INTEREST EXPENSE ON LOAN	600	
PENSION RELATED AMOUNTS	<u>24,817</u>	77,178

INVENTORIES ARE EXPENSED AT ACQUISITION IN THE GOVERNMENTAL FUNDS AND REPORTED AS EXPENSES WHEN USED IN THE GOVERNMENT WIDE STATEMENTS	(23,710)
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INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF
CERTAIN INFORMATION SYSTEMS, OTHER EQUIPMENT AND MEDICAL BENEFIT COSTS
TO INDIVIDUAL FUNDS.

THE NET REVENUE OF CERTAIN ACTIVITIES OF THE INTERNAL SERVICE FUNDS IS REPORTED WITH THE GOVERNMENTAL ACTIVITIES.	<u>169,526</u>
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (241,062)</u>
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CITY OF LA JUNTA, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES -		
	ELECTRIC	WATER	SEWER
CURRENT ASSETS			
CASH OR EQUIVALENTS	\$ 4,139,943	\$ 615,311	\$ 308,766
CASH WITH TRUSTEE	-	-	2,934,650
ACCOUNTS RECEIVABLE CUSTOMERS - NET	1,263,969	232,058	272,418
BORROWINGS TO (FROM) OTHER FUND - CURRENT	140,354	-	-
INVENTORIES	1,657,355	450,244	18,387
PREPAIDS AND ACCRUALS	5,294	30,372	1,195
TOTAL CURRENT ASSETS	<u>7,206,915</u>	<u>1,327,985</u>	<u>3,535,416</u>
PROPERTY AND EQUIPMENT			
LAND, SYSTEMS, AND EQUIPMENT	17,486,928	25,879,916	29,186,084
ACCUMULATED DEPRECIATION	<u>(14,127,851)</u>	<u>(12,977,262)</u>	<u>(9,411,254)</u>
NET PROPERTY AND EQUIPMENT	<u>3,359,077</u>	<u>12,902,654</u>	<u>19,774,830</u>
OTHER ASSETS			
BORROWINGS TO (FROM) OTHER FUND	<u>970,699</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,536,691</u>	<u>\$ 14,230,639</u>	<u>\$ 23,310,246</u>
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	\$ 721,139	\$ 120,318	\$ 1,940,903
ACCRUED EXPENSES	-	45,633	95,226
CUSTOMERS DEPOSITS	161,596	-	-
UNEARNED REVENUE	73,609	10,242	-
LANDFILL COSTS	-	-	-
LOANS PAYABLE	-	683,710	655,783
TOTAL CURRENT LIABILITIES	<u>956,344</u>	<u>859,903</u>	<u>2,691,912</u>
NONCURRENT LIABILITIES			
ACCRUED SICK LEAVE AND VACATION PAY	362,531	195,113	205,723
UNEARNED REVENUE	-	-	-
LANDFILL COSTS	-	-	-
LOANS PAYABLE	<u>-</u>	<u>2,916,673</u>	<u>14,180,413</u>
TOTAL NONCURRENT LIABILITIES	<u>362,531</u>	<u>3,111,786</u>	<u>14,386,136</u>
TOTAL LIABILITIES	<u>1,318,875</u>	<u>3,971,689</u>	<u>17,078,048</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	3,359,077	9,302,271	7,873,284
RESTRICTED FOR:			
OPERATIONS & MAINTENANCE	-	510,000	349,000
UNRESTRICTED	<u>6,858,739</u>	<u>446,679</u>	<u>(1,990,086)</u>
TOTAL NET POSITION	<u>10,217,816</u>	<u>10,258,950</u>	<u>6,232,198</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,536,691</u>	<u>\$ 14,230,639</u>	<u>\$ 23,310,246</u>

SEE NOTES TO FINANCIAL STATEMENTS

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITY INTERNAL SERVICE FUNDS
SANITATION	PROPERTY MANAGEMENT	TOTAL	
\$ 1,421,961	\$ 886,081	\$ 7,372,062	\$ 4,014,629
-	-	2,934,650	-
89,717	25,486	1,883,648	114,905
-	(140,354)	-	-
-	-	2,125,986	42,453
2,035	845	39,741	1,242
<u>1,513,713</u>	<u>772,058</u>	<u>14,356,087</u>	<u>4,173,229</u>
934,711	19,165,210	92,652,849	5,133,319
(448,622)	(9,395,826)	(46,360,815)	(3,495,703)
<u>486,089</u>	<u>9,769,384</u>	<u>46,292,034</u>	<u>1,637,616</u>
-	(970,699)	-	-
<u>\$ 1,999,802</u>	<u>\$ 9,570,743</u>	<u>\$ 60,648,121</u>	<u>\$ 5,810,845</u>
\$ 6,430	\$ 5,963	\$ 2,794,753	\$ 113,971
-	46,474	187,333	-
-	-	161,596	-
-	87,627	171,478	-
101,425	-	101,425	-
-	-	1,339,493	-
<u>107,855</u>	<u>140,064</u>	<u>4,756,078</u>	<u>113,971</u>
34,273	89,757	887,397	125,926
-	747,785	747,785	-
304,275	-	304,275	-
-	-	17,097,086	-
<u>338,548</u>	<u>837,542</u>	<u>19,036,543</u>	<u>125,926</u>
<u>446,403</u>	<u>977,606</u>	<u>23,792,621</u>	<u>239,897</u>
486,089	8,658,331	29,679,052	1,637,616
-	-	859,000	-
1,067,310	(65,194)	6,317,448	3,933,332
<u>1,553,399</u>	<u>8,593,137</u>	<u>36,855,500</u>	<u>5,570,948</u>
<u>\$ 1,999,802</u>	<u>\$ 9,570,743</u>	<u>\$ 60,648,121</u>	<u>\$ 5,810,845</u>

CITY OF LA JUNTA, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES -		
	ELECTRIC	WATER	SEWER
OPERATING REVENUES			
CHARGES FOR SERVICES	\$ 11,794,034	\$ 2,876,602	\$ 2,448,731
OTHER	-	129,619	-
TOTAL OPERATING REVENUES	<u>11,794,034</u>	<u>3,006,221</u>	<u>2,448,731</u>
OPERATING EXPENSES			
PERSONAL SERVICES, MATERIALS AND SUPPLIES	11,955,096	2,020,554	1,393,102
DEPRECIATION	433,403	504,161	262,409
TOTAL OPERATING EXPENSES	<u>12,388,499</u>	<u>2,524,715</u>	<u>1,655,511</u>
OPERATING INCOME (LOSS)	<u>(594,465)</u>	<u>481,506</u>	<u>793,220</u>
NONOPERATING REVENUES (EXPENSES)			
INTEREST INCOME	72,818	2,060	647
OTHER	98,316	25,914	256,847
GAIN (LOSS) ON ASSETS	(56,712)	-	-
INTEREST EXPENSE	-	(99,038)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>114,422</u>	<u>(71,064)</u>	<u>257,494</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS TRANSFERS AND SPECIAL ITEMS	(480,043)	410,442	1,050,714
CAPITAL CONTRIBUTIONS	-	30,042	3,300
TRANSFERS (OUT)	-	(17,089)	-
SPECIAL ITEMS	-	-	-
CHANGE IN NET POSITION	<u>(480,043)</u>	<u>423,395</u>	<u>1,054,014</u>
NET POSITION JANUARY 1	<u>10,697,859</u>	<u>9,835,555</u>	<u>5,178,184</u>
NET POSITION DECEMBER 31	<u>\$ 10,217,816</u>	<u>\$ 10,258,950</u>	<u>\$ 6,232,198</u>

SEE NOTES TO FINANCIAL STATEMENTS

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITY INTERNAL SERVICE FUNDS
SANITATION	PROPERTY MANAGEMENT	TOTAL	
\$ 849,896	\$ 1,120,252	\$ 19,089,515	\$ 2,527,938
44,031	-	173,650	-
893,927	1,120,252	19,263,165	2,527,938
802,064	740,916	16,911,732	2,031,503
59,171	580,142	1,839,286	225,978
861,235	1,321,058	18,751,018	2,257,481
32,692	(200,806)	512,147	270,457
1,659	1,527	78,711	10,028
-	126,841	507,918	-
-	803	(55,909)	(1,445)
-	-	(99,038)	-
1,659	129,171	431,682	8,583
34,351	(71,635)	943,829	279,040
-	-	33,342	-
-	2,000	(15,089)	-
126,300	-	126,300	-
160,651	(69,635)	1,088,382	279,040
1,392,748	8,662,772	35,767,118	5,291,908
\$ 1,553,399	\$ 8,593,137	\$ 36,855,500	\$ 5,570,948

CITY OF LA JUNTA, COLORADO

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

DECEMBER 31, 2018

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

TOTAL NET POSITION - PROPRIETARY FUNDS	\$ 36,855,500
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS	<u>1,094,492</u>
NET POSITION OF BUSINESS-TYPE ACTIVITIES	<u><u>\$ 37,949,992</u></u>

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

FOR THE YEAR ENDED DECEMBER 31, 2018

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

CHANGE IN NET POSITION	\$ 1,088,382
ADJUSTMENT TO REFLECT CONSOLIDATION OF INTERNAL SERVICE FUND ACTIVITIES RELATED TO ENTERPRISE FUNDS	<u>109,514</u>
CHANGES IN NET POSITION OF BUSINESS-TYPE ACTIVITIES	<u><u>\$ 1,197,896</u></u>

CITY OF LA JUNTA, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE	
	ELECTRIC	WATER
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 11,798,428	\$ 2,882,039
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(11,875,913)	(2,015,517)
OTHER OPERATING REVENUES	-	129,619
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(77,485)	996,141
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
RENTS RECEIVED AND OTHER	171,925	27,698
TRANSFER OUT	-	(17,089)
CUSTOMER DEPOSITS	26,920	-
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	198,845	10,609
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(211,115)	(143,685)
CASH PROCEEDS FROM INSURANCE , SALE OF ASSETS AND OTHER	-	-
CAPITAL CONTRIBUTED	-	30,042
BORROWINGS TO OTHER FUNDS	134,859	-
LOAN PROCEEDS	-	-
PRINCIPAL PAID ON LOANS PAYABLE	-	(667,410)
INTEREST PAID ON LOANS PAYABLE AND OTHER	-	(113,173)
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(76,256)	(894,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS AND LOANS	72,899	2,635
NET CHANGE IN CASH AND CASH EQUIVALENTS	118,003	115,159
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	4,021,940	500,152
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 4,139,943	\$ 615,311
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ (594,465)	\$ 481,506
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	433,403	504,161
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE & PREPAIDS	2,574	139
(INCREASE) DECREASE IN INVENTORIES	68,530	(14,704)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES	15,381	27,947
INCREASE (DECREASE) IN DUE TO/FROM OTHER FUNDS	(2,908)	(2,908)
INCREASE (DECREASE) IN DEFERRED REVENUE	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (77,485)	\$ 996,141
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
EQUIPMENT ACQUISITION COSTS IN ACCOUNTS PAYABLE	\$ -	\$ 86,409

SEE NOTES TO FINANCIAL STATEMENTS

ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITY INTERNAL SERVICE FUND
SEWER	SANITATION	PROPERTY MANAGEMENT	TOTAL	
\$ 2,440,646	\$ 855,809	\$ 1,117,048	\$ 19,093,970	\$ 2,417,031
(1,383,434)	(793,656)	(770,656)	(16,839,176)	(2,089,088)
-	44,031	-	173,650	-
<u>1,057,212</u>	<u>106,184</u>	<u>346,392</u>	<u>2,428,444</u>	<u>327,943</u>
256,847	-	2,080	458,550	-
-	-	2,000	(15,089)	-
-	-	-	26,920	-
<u>256,847</u>	<u>-</u>	<u>4,080</u>	<u>470,381</u>	<u>-</u>
(10,953,721)	(294,541)	(335,241)	(11,938,303)	(403,718)
-	-	484,975	484,975	-
3,300	-	-	33,342	-
-	-	(134,859)	-	-
3,000,000	-	-	3,000,000	-
(542,272)	-	-	(1,209,682)	-
<u>(13,415)</u>	<u>-</u>	<u>-</u>	<u>(126,588)</u>	<u>-</u>
<u>(8,506,108)</u>	<u>(294,541)</u>	<u>14,875</u>	<u>(9,756,256)</u>	<u>(403,718)</u>
<u>416</u>	<u>1,451</u>	<u>1,527</u>	<u>78,928</u>	<u>10,495</u>
(7,191,633)	(186,906)	366,874	(6,778,503)	(65,280)
<u>10,435,049</u>	<u>1,608,867</u>	<u>519,207</u>	<u>17,085,215</u>	<u>4,079,909</u>
<u>\$ 3,243,416</u>	<u>\$ 1,421,961</u>	<u>\$ 886,081</u>	<u>\$ 10,306,712</u>	<u>\$ 4,014,629</u>
\$ 793,220	\$ 32,692	\$ (200,806)	\$ 512,147	\$ 270,457
262,409	59,171	580,142	1,839,286	225,978
(9,049)	4,243	17,607	15,514	(110,905)
764	9,000	-	63,590	6,717
11,988	4,424	(27,774)	31,966	(64,304)
(2,120)	(3,346)	(1,121)	(12,403)	-
-	-	(21,656)	(21,656)	-
<u>\$ 1,057,212</u>	<u>\$ 106,184</u>	<u>\$ 346,392</u>	<u>\$ 2,428,444</u>	<u>\$ 327,943</u>
<u>\$ 1,934,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,021,153</u>	<u>\$ 31,206</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE FINANCIAL REPORTING ENTITY

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

Blended component units included within the reporting entity:

La Junta Urban Renewal Authority ("URA")

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

La Junta Capital Inc.

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

Joint Venture:

Otero County Landfill Inc. ("OCLI")

The City of La Junta is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill Inc. As a participant, the City is responsible for a portion of closure and post closure costs of the landfill. As of December 31, 2018, the City's share of the cost is estimated at \$405,700 or approximately 21% of the total. A complete financial report may be obtained from the administrative offices of Otero County.

Related organizations:

La Junta Housing Authority

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

Jointly Governed Organizations:

Arkansas River Power Authority ("ARPA")

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

Based on electric revenues billed from inception to December 31, 2018, the City of La Junta has a residual equity interest in ARPA of approximately 30%. The governing Board of ARPA consists of two members from each municipality. Because it is felt that the City cannot significantly influence the operations of ARPA it is considered a jointly governed organization and not part of the City's reporting entity.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The City reports the following major governmental funds:

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

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Deposits and Investments

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

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

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

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

Restricted Cash

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables/Payables

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

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

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

Property Tax Receivable

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2018 since the amounts are measurable but not available until 2019. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

Inventories

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

Water Inventory

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

Capital Assets

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

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

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

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

Capitalized Interest

Interest expense incurred during construction of capital projects of the enterprise funds is capitalized as a cost of the project. Interest in the amount of \$248,781 was capitalized in the current year.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category which is for pension related amounts.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of item that qualify for reporting in this category.

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

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

Unearned Revenues

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

Compensated Absences

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

Long-Term Obligations

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

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

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance/Net Position

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

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

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

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

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

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

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

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

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

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

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

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

Estimates

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2018, the Sewer Utility Fund and Employee Benefit Claim Fund were in violation.

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

NOTE -2 DEPOSITS AND INVESTMENTS

DEPOSITS:

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2018, \$17,853,159 of the City's bank balance of \$18,853,159 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

INVESTMENTS:

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval. This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt.

The City categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2018, the City had the following investments and maturities:

Investment Type	Level 1	Level 2	Level 3	Total	Investment Maturities (in years)	
					Less Than One Year	1-5 Years
U.S. treasuries	\$ -	\$ 784,610	\$ -	\$ 784,610	\$ 634,716	\$ 149,894

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
<u>Governmental Funds:</u>		
General Fund	\$ 105,400	\$ -
<u>Proprietary Funds:</u>		
Electric Utility Fund	\$ -	\$ 73,609
Water Utility Fund	-	10,242
Property Management Fund	-	835,412
	<u>\$ -</u>	<u>\$ 919,263</u>

NOTE -4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>BEGINNING BALANCE</u>	<u>TRANSFERS/ INCREASES</u>	<u>TRANSFERS/ DECREASES</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 1,222,765	\$ -	\$ -	\$ 1,222,765
Construction in progress	<u>815,186</u>	<u>234,145</u>	<u>(640,549)</u>	<u>408,782</u>
	<u>2,037,951</u>	<u>234,145</u>	<u>(640,549)</u>	<u>1,631,547</u>
Capital assets being depreciated				
Buildings	7,547,695	123,296	(1,369)	7,669,622
Improvements	5,857,908	682,674	(6,222)	6,534,360
Infrastructure	32,581,909	-	-	32,581,909
Equipment	<u>5,525,269</u>	<u>501,408</u>	<u>(171,799)</u>	<u>5,854,878</u>
	<u>51,512,781</u>	<u>1,307,378</u>	<u>(179,390)</u>	<u>52,640,769</u>
Less accumulated depreciation for				
Buildings	(4,490,640)	(218,636)	1,369	(4,707,907)
Improvements	(3,246,256)	(213,967)	6,222	(3,454,001)
Infrastructure	(23,807,335)	(409,710)	-	(24,217,045)
Equipment	<u>(3,986,506)</u>	<u>(342,991)</u>	<u>170,354</u>	<u>(4,159,143)</u>
	<u>(35,530,737)</u>	<u>(1,185,304)</u>	<u>177,945</u>	<u>(36,538,096)</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 18,019,995</u>	<u>\$ 356,219</u>	<u>\$ (641,994)</u>	<u>\$ 17,734,220</u>

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Business-Type Activities:

Capital assets, not being depreciated

Land	\$ 1,008,222	\$ -	\$ -	\$ 1,008,222
Water rights	2,112,634	-	-	2,112,634
Construction in progress	<u>5,592,664</u>	<u>11,639,075</u>	<u>-</u>	<u>17,231,739</u>
	<u>8,713,520</u>	<u>11,639,075</u>	<u>-</u>	<u>20,352,595</u>

Capital assets being depreciated

Buildings	33,586,265	138,475	(346,838)	33,377,902
Systems	33,903,473	100,140	(172,117)	33,831,496
Equipment	<u>5,045,271</u>	<u>493,426</u>	<u>(447,841)</u>	<u>5,090,856</u>
	<u>72,535,009</u>	<u>732,041</u>	<u>(966,796)</u>	<u>72,300,254</u>

Less accumulated depreciation for

Buildings	(14,798,869)	(982,760)	13,233	(15,768,396)
Systems	(26,459,607)	(570,378)	149,198	(26,880,787)
Equipment	<u>(3,839,530)</u>	<u>(286,148)</u>	<u>414,046</u>	<u>(3,711,632)</u>
	<u>(45,098,006)</u>	<u>(1,839,286)</u>	<u>576,477</u>	<u>(46,360,815)</u>

BUSINESS-TYPE ACTIVITIES

CAPITAL ASSETS - NET	<u>\$ 36,150,523</u>	<u>\$10,531,830</u>	<u>\$ (390,319)</u>	<u>\$ 46,292,034</u>
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Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 87,126
Public safety	91,183
Public works	476,085
Public health and welfare	3,732
Culture and recreation	301,200
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	<u>225,978</u>
Total depreciation expense – governmental activities	<u>\$ 1,185,304</u>

Business-Type Activities:

Electric	\$ 433,403
Water	504,161
Sewer	262,409
Sanitation	59,171
Property Management	<u>580,142</u>
Total depreciation expense – business-type activities	<u>\$ 1,839,286</u>

NOTE -5 NOTES AND LOANS RECEIVABLE

NOTES/LOAN
RECEIVABLE

Governmental Activities

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

\$ 69,869

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between the City's funds for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within one year. The composition of due to / from other funds as of December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Lodging Tax Tourism	<u>\$ 40,436</u>
Cemetery Endowment	General	<u>\$ 4,301</u>

Interfund Transfers:

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

The composition of interfund transfers as of December 31, 2018 is as follows:

<u>Transfer Out:</u>	<u>Transfers In:</u>		
	<u>General</u>	<u>Urban Renewal</u>	<u>Total</u>
Water Utility	\$ 17,089	\$ -	\$ 17,089
Property Management	<u>10,000</u>	<u>(12,000)</u>	<u>(2,000)</u>
	<u>\$ 27,089</u>	<u>\$ (12,000)</u>	<u>\$ 15,089</u>

Interfund Borrowings:

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

The composition of borrowings to / from other funds as of December 31, 2018 is as follows:

<u>Borrowings to</u>	<u>Borrowings from</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Property Management	Electric Utility	<u>\$ 140,354</u>	<u>\$ 970,699</u>	<u>\$ 1,111,053</u>

NOTE -7 LONG -TERM DEBT

LOANS PAYABLE

The Water Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$9,812,211 with an interest rate of 4.0%. The loan proceeds were used to finance construction of a water treatment facility. The loan is payable in varying semi-annual installments of principal and interest beginning August 1, 2002 and maturing August 1, 2022. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. As of December 31, 2018, \$2,548,133 is outstanding and \$592,210 is due within one year.

The Water Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$1,830,000, with a 0% interest rate. The loan proceeds were used to finance construction of water tanks. The loan is payable in semi-annual installments of \$47,500, beginning November 1, 2010 and maturing May 1, 2030. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. As of December 31, 2018, \$1,052,250 is outstanding and \$91,500 is due within one year.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 LONG –TERM DEBT (Continued)

The Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$358,400. The loan proceeds were used to finance lagoon improvements. The loan is payable in semi-annual installments of \$13,719 including interest at 4.5% per annum beginning November 1, 2000 and maturing May 1, 2020. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues. As of December 31, 2018, \$39,372 is outstanding and \$25,955 is due within one year.

The Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$13,348,899. The loan proceeds are being used to finance construction of a waste water treatment facility. The loan is payable in varying semi-annual installments including interest at 2.17% per annum beginning August 1, 2015 and maturing August 1, 2037. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues. As of December 31, 2018, \$11,796,824 is outstanding and \$529,828 is due within one year.

The Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$3,000,000, with a 0% interest rate. The loan proceeds are being used to finance construction of a waste water treatment facility. The loan is payable in semi-annual installments of \$50,000, beginning May 1, 2019 and maturing November 1, 2048. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues. As of December 31, 2018, \$3,000,000 is outstanding and \$100,000 is due within one year.

In connection with the above loans payable, the City is subject to various covenants with the Colorado Water Resources and Power Development Authority. The City is also required to maintain an operating and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses, excluding depreciation. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities. As of December 31, 2018, the City was in compliance with all said covenants.

The City issued a redevelopment and reimbursement agreement to a developer for building a hotel within the City. The agreement states that the City will reimburse the developer for eligible costs incurred by the developer in the amount of \$400,000. The loan is payable in yearly installments of \$34,730, including interest at 3.5% per annum, maturing May 16, 2024. As of December 31, 2018, \$185,061 is outstanding and \$28,253 is due within one year. For the year ended December 31, 2018, interest incurred and expensed was \$6,835.

Annual debt service requirements to maturity are as follows:

YEAR ENDING	BUSINESS-TYPE ACTIVITIES		GOVERNMENTAL ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$ 1,339,493	\$ 343,441	\$ 28,253	\$ 6,477
2020	1,349,511	319,268	29,242	5,488
2021	1,382,625	267,554	30,265	4,465
2022	1,448,064	197,037	31,325	3,405
2023	758,006	208,634	32,421	2,309
2024 - 2028	3,954,071	892,369	33,555	1,175
2029 - 2033	3,822,382	706,083	-	-
2034 - 2038	3,382,427	228,200	-	-
2039 - 2043	500,000	-	-	-
2044 - 2048	500,000	-	-	-
TOTAL	<u>\$ 18,436,579</u>	<u>\$ 3,162,586</u>	<u>\$ 185,061</u>	<u>\$ 23,319</u>

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 LONG –TERM DEBT (Continued)

The following is a summary of activity for long-term liabilities for the year ended December 31, 2018:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
<u>Governmental activities:</u>					
Reimbursement amt	\$ 212,358	\$ -	\$ (27,297)	\$ 185,061	\$ 28,253
Compensated absences	1,018,263	-	(19,684)	998,579	-
Net Pension Liabilities	<u>1,128,408</u>	<u>-</u>	<u>(122,187)</u>	<u>1,006,221</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 2,359,029</u>	<u>\$ -</u>	<u>\$ (169,168)</u>	<u>\$ 2,189,861</u>	<u>\$ 28,253</u>
<u>Business-type activities:</u>					
Loans payable	\$16,646,261	\$ 3,000,000	\$(1,209,682)	\$18,436,579	\$ 1,339,493
Estimated closure and post-closure costs	532,000	-	(126,300)	405,700	101,425
Compensated absences	<u>816,605</u>	<u>70,792</u>	<u>-</u>	<u>887,397</u>	<u>-</u>
Business-type activity Long-term liabilities	<u>\$17,994,866</u>	<u>\$ 3,070,792</u>	<u>\$ (1,335,982)</u>	<u>\$19,729,676</u>	<u>\$ 1,440,918</u>

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

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS

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

Based on the current allocation the City’s share is approximately 21% of the estimated \$1,905,000 in closure and postclosure costs amounting to \$405,700. These amounts are based on estimates of what it would cost to perform all closure and post closure care in 2018. Actual costs may be higher due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

Due to the significant decrease in the estimated closure and post closure costs from 2017 to 2018, the City’s allocation was reduced by \$126,300 and is reported as a special item on the statement of activities and statement of revenues, expenses and changes in net position in the Sanitation Utility Fund.

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

	<u>MANZANOLA</u>	<u>OTERO #1</u>	<u>OTERO #2</u>		
			<u>MODULE #1</u>	<u>MODULE #2</u>	<u>MODULE #3</u>
Percent of capacity	97%	100%	82%	80%	36%
Estimated closure date	2019	Closed	2019	2019	2029

CONDUIT DEBT

The City authorized the issuance of the “City of La Junta, Colorado, Industrial Development Revenue Bonds (Colorado Mennonite Retirement Center Project) Series 1997” in the amount of \$1,550,000. In 2007 the City authorized the issuance of the “City of La Junta, Colorado, Industrial Development Revenue Bonds (Colorado Mennonite Retirement Center Project) Series 2007” in the amount of \$1,225,000 to finance a project for Colorado Mennonite Retirement Center and refund bonds issued in 1997. The amount outstanding as of December 31, 2018 was \$1,020,000. The above debt does not constitute indebtedness of the City and does not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -7 LONG –TERM DEBT (Continued)

The City authorized the issuance of a bond in the principal amount of \$2,900,000 designated as the “City of La Junta, Colorado Revenue Bond (Inspiration Field Project) Series 2011”. The aggregate amount of installments of principal amount of the “City of La Junta, Colorado Revenue Bond (Inspiration Field Project) Series 2011” purchased shall not exceed \$2,900,000. The amount outstanding as of December 31, 2018 was \$1,904,936. The above debt does not constitute indebtedness of the City and does not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

CASH WITH TRUSTEE

As of December 31, 2018, the City had cash held with trustees of \$2,934,650 in the Sewer Utility Fund for the use according to debt agreements entered into by the City. The trust cash balance is recorded in the balance due to the Colorado Water Resources and Power Development Authority (notes payable); therefore the net position is not restricted for the balance.

NOTE -8 CONTINGENT LIABILITIES

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

NOTE -9 RISK MANAGEMENT

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

All Colorado municipalities, which are members of the Colorado Municipal League, are eligible to participate in CIRSA. As of the most recent annual report filed, December 31, 2017, there were 273 members in the Property/Casualty/Liability Pool. CIRSA’s general objectives are to provide member municipalities and special districts defined property and liability and workers’ compensation coverage through joint self-insurance and excess insurance.

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

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

The City also handles health and life insurance claims for its employees. Premiums are charged to the employees as well as the City to cover medical claims with reinsurance provided by commercial carriers for claims in excess of \$35,000 annually. Incurred but not reported claims of \$73,000 have been accrued as a liability based primarily upon the claims administrator’s historical estimate.

The following represents the changes in approximate aggregate liabilities for claims incurred but not reported for the City for the year ended December 31, 2018.

Liability Balance January 1, 2017	\$ 145,000
Claims and Changes in Estimates	547,141
Claims Payments	<u>(619,141)</u>
Liability Balance December 31, 2018	<u>\$ 73,000</u>

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS

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

OLD HIRE FIRE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

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

Investments - Investments are reported at fair value.

Plan Information

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

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

The following is a summary of the participants:

	<u>Old Hire Fire</u>
Retired Members	2
Beneficiaries	<u>2</u>
Total	<u><u>4</u></u>

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions and is as follows:

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

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

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Contributions

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

The contribution rate for members and the City for the Old Hire Fire Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2018 actuarial valuation. Total contribution for the year ended December 31, 2018 was \$60,388. The contribution of the City of La Junta Fire Department was equal to the required contribution for the year.

Actuarial Assumptions – 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 for the fiscal Year Ending December 31, 2017:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 19 years*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 2.50%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – Any remaining actives are assumed to retire immediately
- Mortality Rates – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
- Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Managed Futures	4.00%	6.85%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	37.00%	8.33%
Private Capital	24.00%	9.70%
Total	100.00%	

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Single Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statically release (H.15)); and the resulting Single Discount Rate is 7.50%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

Net Pension Liability

The net pension liability was measured at December 31, 2017, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2018, and the City's fiscal year ending date, or reporting date, is December 31, 2018.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2017	<u>\$ 1,412,139</u>	<u>\$ 761,457</u>	<u>\$ 650,682</u>
Change for the year:			
Interest	101,662	-	101,662
Difference between Expected & Actual Experience	38,548	-	38,548
Changes of Assumptions	-	-	-
Contributions – Employer	-	60,388	(60,388)
Contributions – Member	-	-	-
Net Investment Income	-	103,956	(103,956)
Benefit payments	(115,382)	(115,382)	-
Administrative Expense	-	(1,253)	1,253
Net Changes	<u>24,828</u>	<u>47,709</u>	<u>(22,881)</u>
Balances at December 31, 2018	<u>1,436,967</u>	<u>809,166</u>	<u>627,801</u>

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2018, for the measurement period ending December 31, 2017, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 764,909	\$ 627,801	\$ 510,265

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

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Pension Expense, 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 \$29,783. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	29,074	39,134
Contributions subsequent to the measurement date	60,388	-
Total	\$ 89,462	\$ 39,134

\$60,388 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2018:	
2019	\$ 3,745
2020	2,549
2021	(6,572)
2022	(9,782)
2023	-
Thereafter	-
Total	(10,060)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

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

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

Investments - Investments are reported at fair value.

Plan Information

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

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

The following is a summary of the participants:

Retired Members	<u>Old Hire Police</u>
Beneficiaries	1
Total	<u>2</u>
	<u>3</u>

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions and is as follows:

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

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

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

Contributions

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

The contribution rate for members and the City for the Old Hire Police Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2018 actuarial valuation. Total contribution for the year ended December 31, 2018 was \$55,128. The contribution of the City of La Junta Police Department was equal to the required contribution for the year.

Actuarial Assumptions – 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 for the fiscal Year Ending December 31, 2017:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 13 years*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 2.50%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – Any remaining actives are assumed to retire immediately
- Mortality Rates – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
- Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

CITY OF LA JUNTA, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Managed Futures	4.00%	6.85%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	37.00%	8.33%
Private Capital	24.00%	9.70%
Total	100.00%	

Single Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statically release(H.15)); and the resulting Single Discount Rate is 7.50%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

Net Pension Liability

The net pension liability was measured at December 31, 2017, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2018, and the City's fiscal year ending date, or reporting date, is December 31, 2018.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2017	\$ 1,126,865	\$ 649,139	\$ 477,726
Change for the year:			
Interest	80,293	-	80,293
Difference between Expected & Actual Experience	(38,164)	-	(38,164)
Changes in Assumptions	-	-	-
Contributions – Employer	-	55,128	(55,128)
Contributions – Member	-	-	-
Net Investment Income	-	87,372	(87,372)

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Changes in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) – (b)
Benefit payments	(114,666)	(114,666)	-
Administrative Expense	-	(1,065)	1,065
Net Changes	(72,537)	26,769	(99,306)
Balances at December 31, 2018	1,054,328	675,908	378,420

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2018, for the measurement period ending December 31, 2017, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 464,532	\$ 378,420	\$ 303,825

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2018; the City recognized pension revenue of \$55,128. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	25,729	32,734
Contributions subsequent to the measurement date	55,128	-
Total	\$ 80,857	\$ 32,734

\$55,128 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 PENSION PLANS (Continued)

Year ended December 31, 2018:	
2019	\$ 3,786
2020	2,727
2021	(5,336)
2022	(8,182)
2023	-
Thereafter	-
Total	\$ (7,005)

FIRE DEFINED CONTRIBUTION PLAN AND POLICE DEFINED CONTRIBUTION PLAN

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

Funding Policy - The City's total Fire and Police payroll for 2018 was \$272,130 and \$635,701, respectively. The City's contributions were calculated using a base salary amount of \$267,469 and \$618,295. Both City and the covered employees made the required 8 percent contribution, amounting to \$2,140 each for Firemen or a total of \$21,398 and \$3,091 each for Policemen or a total of \$49,464. As of December 31, 2018, the market value of assets held by the plans is \$626,073 for Fire and \$523,240 for Police.

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

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

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

The City's total payroll in fiscal year 2018 was \$5,495,597. The City's contributions were calculated using the base salary amount of \$4,278,513. Both the City and the covered employees made the required contributions amounting to \$214,782 and \$261,908, respectively, for a total of \$476,690. As of December 31, 2018, the market value of assets held was \$11,026,812.

NOTE -11 RELATED PARTY TRANSACTIONS

The City had expenditures of approximately \$44,500 made to businesses owned by council members of which \$164 is recorded in accounts payable.

As indicated in Note -1, the City entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2018, the City had paid OCLI \$188,367 for its share of the costs of which \$0 was due and recorded as accounts payable in the Sanitation Utility Fund. The City has recognized \$405,700 for its share of estimated closure and post closure care costs.

The City purchased approximately \$9.3 million of power from ARPA (a jointly governed entity), of which \$689,306 is recorded in accounts payable in the Electric Utility Fund, to be resold to its utility customers.

CITY OF LA JUNTA, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -12 LEASES AND UNEARNED LEASE REVENUES

The City's Property Management Fund has entered into three lease agreements with entities for space in which the leasee paid advance amounts for improvements of \$425,000, \$754,518 and \$65,000. The City would be required to refund a proportion of this based on the life of the lease if they terminate the lease early. It is being recognized over the terms of the lease agreements of 20 years or 40 years, as applicable, with the unamortized balance included in unearned lease revenues. As of December 31, 2018, the balance remaining was \$789,523 with \$41,738 reported as unearned lease revenues – current.

The future minimum rentals on noncancellable leases as of December 31, 2018 are as follows:

2019	\$ 1,047,663
2020	920,803
2021	716,059
2022	689,253
2023	691,499
Thereafter	4,426,671

NOTE -13 TAX SPENDING AND DEBT LIMITATIONS

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

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

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

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

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

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

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

Emergency Reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. \$239,000 of the fund balance has been reserved in compliance with this requirement.

NOTE -14 SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA JUNTA, COLORADO

OLD HIRE FIRE PENSION FUND

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

YEAR ENDED DECEMBER 31, 2018

MEASUREMENT PERIOD ENDED DECEMBER 31,	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
SERVICE COST	\$ -	\$ -	\$ -	\$ -
INTEREST	101,662	102,500	95,494	96,307
CHANGES TO BENEFIT TERMS	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE OF THE TOTAL PENSION LIABILITY	38,548	-	32,911	-
ASSUMPTION CHANGES	-	-	75,370	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(115,382)	(112,021)	(108,759)	(105,591)
NET CHANGE IN TOTAL PENSION LIABILITY	24,828	(9,521)	95,016	(9,284)
TOTAL PENSION LIABILITY - BEGINNING	1,412,139	1,421,660	1,326,644	1,335,928
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 1,436,967</u>	<u>\$ 1,412,139</u>	<u>\$ 1,421,660</u>	<u>\$ 1,326,644</u>
PLAN FIDUCIARY NET POSITION				
CONTRIBUTIONS - EMPLOYER	\$ 60,388	\$ 48,084	\$ 48,084	\$ 44,595
CONTRIBUTIONS - EMPLOYEE	-	-	-	-
NET INVESTMENT INCOME	103,956	40,569	14,680	54,916
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(115,382)	(112,021)	(108,759)	(105,591)
ADMINISTRATIVE EXPENSES	(1,253)	(3,084)	283	(4,139)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	47,709	(26,452)	(45,712)	(10,219)
PLAN FIDUCIARY NET POSITION - BEGINNING	761,457	787,909	833,621	843,840
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 809,166</u>	<u>\$ 761,457</u>	<u>\$ 787,909</u>	<u>\$ 833,621</u>
PLAN'S NET PENSION LIABILITY - BEGINNING	650,682	633,751	493,023	492,088
PLAN'S NET PENSION LIABILITY - ENDING (a) - (b)	<u>\$ 627,801</u>	<u>\$ 650,682</u>	<u>\$ 633,751</u>	<u>\$ 493,023</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	56.31%	53.92%	55.42%	62.84%
COVERED PAYROLL	N/A	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	N/A	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

CITY OF LA JUNTA, COLORADO

OLD HIRE POLICE PENSION FUND

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

YEAR ENDED DECEMBER 31, 2018

MEASUREMENT PERIOD ENDED DECEMBER 31,	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
SERVICE COST	\$ -	\$ -	\$ -	\$ -
INTEREST	80,293	82,572	75,714	77,860
CHANGES TO BENEFIT TERMS	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE OF THE TOTAL PENSION LIABILITY	(38,164)	-	61,291	-
ASSUMPTION CHANGES	-	-	64,117	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(114,666)	(111,327)	(108,084)	(104,936)
NET CHANGE IN TOTAL PENSION LIABILITY	(72,537)	(28,755)	93,038	(27,076)
TOTAL PENSION LIABILITY - BEGINNING	1,126,865	1,155,620	1,062,582	1,089,658
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 1,054,328</u>	<u>\$ 1,126,865</u>	<u>\$ 1,155,620</u>	<u>\$ 1,062,582</u>
PLAN FIDUCIARY NET POSITION				
CONTRIBUTIONS - EMPLOYER	\$ 55,128	\$ 37,190	\$ 37,190	\$ 29,105
CONTRIBUTIONS - EMPLOYEE	-	-	-	-
NET INVESTMENT INCOME	87,372	34,775	13,305	50,250
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(114,666)	(111,327)	(108,084)	(104,936)
ADMINISTRATIVE EXPENSES	(1,065)	(2,918)	(1,302)	(4,030)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	26,769	(42,280)	(58,891)	(29,611)
PLAN FIDUCIARY NET POSITION - BEGINNING	649,139	691,419	750,310	779,921
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 675,908</u>	<u>\$ 649,139</u>	<u>\$ 691,419</u>	<u>\$ 750,310</u>
PLAN'S NET PENSION LIABILITY - BEGINNING	477,726	464,201	312,272	309,737
PLAN'S NET PENSION LIABILITY - ENDING (a) - (b)	<u>\$ 378,420</u>	<u>\$ 477,726</u>	<u>\$ 464,201</u>	<u>\$ 312,272</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	64.11%	57.61%	59.83%	70.61%
COVERED PAYROLL	N/A	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	N/A	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

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

<u>FY ENDING DECEMBER 31,</u> (a)	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u> (b)	<u>ACTUAL CONTRIBUTION*</u> (c)	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u> (d) = (b) - (c)	<u>COVERED PAYROLL</u> (e)	<u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u> (f)
2018	\$ 60,388	\$ 60,388	\$ -	N/A	N/A
2017	\$ 60,388	\$ 60,388	\$ -	N/A	N/A
2016	\$ 48,084	\$ 48,084	\$ -	N/A	N/A
2015	\$ 48,084	\$ 48,084	\$ -	N/A	N/A
2014	\$ 44,595	\$ 44,595	\$ -	N/A	N/A
2013	\$ 44,595	\$ 44,595	\$ -	N/A	N/A
2012	\$ 29,031	\$ 29,031	\$ -	N/A	N/A
2011	\$ 29,031	\$ 29,031	\$ -	N/A	N/A
2010	\$ 7,074	\$ 7,074	\$ -	N/A	N/A
2009	\$ 7,074	\$ 7,074	\$ -	N/A	N/A

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

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

<u>FY ENDING DECEMBER 31,</u> (a)	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u> (b)	<u>ACTUAL CONTRIBUTION*</u> (c)	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u> (d) = (b) - (c)	<u>COVERED PAYROLL</u> (e)	<u>ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL</u> (f)
2018	\$ 55,128	\$ 55,128	\$ -	N/A	N/A
2017	\$ 55,128	\$ 55,128	\$ -	N/A	N/A
2016	\$ 37,190	\$ 37,190	\$ -	N/A	N/A
2015	\$ 37,190	\$ 37,190	\$ -	N/A	N/A
2014	\$ 29,105	\$ 29,105	\$ -	N/A	N/A
2013	\$ 29,105	\$ 29,105	\$ -	N/A	N/A
2012	\$ 28,596	\$ 28,596	\$ -	N/A	N/A
2011	\$ 28,596	\$ 28,596	\$ -	N/A	N/A
2010	\$ -	\$ -	\$ -	N/A	N/A
2009	\$ -	\$ -	\$ -	N/A	N/A

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

CITY OF LA JUNTA, COLORADO

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
TAXES	\$ 5,040,700	\$ 5,040,700	\$ 5,393,951	\$ 353,251
LICENSES AND PERMITS	18,000	18,000	26,264	8,264
INTERGOVERNMENTAL	475,200	485,650	911,856	426,206
CHARGES FOR SERVICES	1,208,900	1,208,900	1,240,842	31,942
FINES	35,000	35,000	39,338	4,338
INTEREST	10,600	10,600	24,580	13,980
MISCELLANEOUS AND RENTALS	408,800	795,200	331,889	(463,311)
TOTAL REVENUES	<u>7,197,200</u>	<u>7,594,050</u>	<u>7,968,720</u>	<u>374,670</u>
EXPENDITURES				
GENERAL GOVERNMENT	2,046,224	2,092,224	1,816,419	275,805
PUBLIC SAFETY	2,518,400	2,554,900	2,709,194	(154,294)
PUBLIC WORKS	1,491,350	1,501,650	1,258,960	242,690
HEALTH AND WELFARE	378,800	431,400	374,234	57,166
CULTURE AND RECREATION	2,061,326	2,353,276	1,816,998	536,278
TOTAL EXPENDITURES	<u>8,496,100</u>	<u>8,933,450</u>	<u>7,975,805</u>	<u>957,645</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(1,298,900)	(1,339,400)	(7,085)	1,332,315
OTHER FINANCING SOURCES				
TRANSFERS IN	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(1,288,900)	(1,329,400)	2,915	1,332,315
FUND BALANCE JANUARY 1	<u>5,074,466</u>	<u>5,074,466</u>	<u>5,074,466</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 3,785,566</u>	<u>\$ 3,745,066</u>	<u>\$ 5,077,381</u>	<u>\$ 1,332,315</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA JUNTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2018

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

Measurement Period: January 1, 2017 - December 31, 2017 for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date). The City elected the one-year lookback for measurement date and measurement period purposes.

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS

Actuarial Assumptions

Valuation Date: January 1, 2016

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

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	- Entry Age Normal
Amortization Method	- Level Dollar, Open*
Remaining Amortization Period - Old Hire Fire	- 19 Years*
Remaining Amortization Period - Old Hire Police	- 13 Years*
Asset Valuation Method	- 5-Year smoothed fair value
Inflation	- 3.00%
Salary Increase	- N/A
Investment Rate of Return	- 7.50%
Retirement Age	- Any remaining actives are assumed to retire immediately
	Mortality Rates - Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
	Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

OTHER INFORMATION

CITY OF LA JUNTA, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 5,074,385	\$ 4,611,851
CASH WITH TRUSTEE	51,370	-
RESTRICTED CASH	100,947	76,239
RECEIVABLES		
ACCOUNTS RECEIVABLE	38,018	49,681
ACCRUED INTEREST	1,438	1,927
PROPERTY TAXES RECEIVABLE	105,400	101,900
SALES TAX RECEIVABLE	400,732	431,486
DUE FROM OTHER GOVERNMENTS	50,031	565,557
DUE FROM OTHER FUNDS	40,436	52,342
	<u>5,862,757</u>	<u>5,890,983</u>
TOTAL ASSETS	<u>\$ 5,862,757</u>	<u>\$ 5,890,983</u>
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED PAYROLL TAXES	\$ 675,675	\$ 713,653
DUE TO OTHER FUNDS	4,301	964
	<u>679,976</u>	<u>714,617</u>
TOTAL LIABILITIES	<u>679,976</u>	<u>714,617</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	105,400	101,900
	<u>105,400</u>	<u>101,900</u>
FUND BALANCE		
RESTRICTED FOR EMERGENCIES - TABOR	239,000	243,000
RESTRICTED ASSETS	100,947	76,239
ASSIGNED FOR SUBSEQUENT YEARS' EXPENDITURES	1,277,600	1,163,700
UNASSIGNED	3,459,834	3,591,527
	<u>5,077,381</u>	<u>5,074,466</u>
TOTAL FUND BALANCE	<u>5,077,381</u>	<u>5,074,466</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 5,862,757</u>	<u>\$ 5,890,983</u>

CITY OF LA JUNTA, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
TAXES	\$ 5,393,951	\$ 5,223,130
LICENSES AND PERMITS	26,264	14,833
INTERGOVERNMENTAL	911,856	1,105,051
CHARGES FOR SERVICES	1,240,842	1,195,070
FINES	39,338	26,949
INTEREST	24,580	18,968
MISCELLANEOUS AND RENTALS	<u>314,800</u>	<u>134,147</u>
TOTAL REVENUES	<u>7,951,631</u>	<u>7,718,148</u>
EXPENDITURES		
GENERAL GOVERNMENT	1,816,419	2,616,754
PUBLIC SAFETY	2,709,194	2,160,825
PUBLIC WORKS	1,258,960	1,268,098
HEALTH AND WELFARE	374,234	300,780
CULTURE AND RECREATION	<u>1,816,998</u>	<u>1,771,452</u>
TOTAL EXPENDITURES	<u>7,975,805</u>	<u>8,117,909</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(24,174)	(399,761)
OTHER FINANCING SOURCES		
TRANSFERS IN	<u>27,089</u>	<u>10,000</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	2,915	(389,761)
FUND BALANCE JANUARY 1	<u>5,074,466</u>	<u>5,464,227</u>
FUND BALANCE DECEMBER 31	<u>\$ 5,077,381</u>	<u>\$ 5,074,466</u>

CITY OF LA JUNTA, COLORADO
SOUTHWEST AMTRAK IMPROVEMENT FUND
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CASH OR EQUIVALENTS	\$ -	\$ 214,277
ACCOUNTS RECEIVABLE	57,328	197,453
GRANT RECEIVABLE	-	371,371
TOTAL ASSETS	\$ 57,328	\$ 783,101
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ 597,546
DUE TO OTHER ENTITIES	57,328	185,555
TOTAL LIABILITIES	57,328	783,101
FUND BALANCE		
UNASSIGNED	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 57,328	\$ 783,101

CITY OF LA JUNTA, COLORADO

SOUTHWEST AMTRAK IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
INTERGOVERNMENTAL	\$ -	\$ 9,798,954
MISCELLANEOUS	-	13,202
	<u>-</u>	<u>9,812,156</u>
TOTAL REVENUES	-	9,812,156
EXPENDITURES		
GENERAL GOVERNMENT	-	13,202
CAPITAL PROJECTS	-	9,798,954
	<u>-</u>	<u>9,798,954</u>
TOTAL EXPENDITURES	-	9,812,156
REVENUES OVER EXPENDITURES BEFORE	-	-
FUND BALANCE JANUARY 1	<u>-</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF LA JUNTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	URBAN RENEWAL AUTHORITY	LA JUNTA CAPITAL INC.
ASSETS				
CASH OR EQUIVALENTS	\$ 137,046	\$ 146,782	\$ 492,632	\$ 8,366
RECEIVABLES				
LODGING TAX RECEIVABLE	-	-	-	-
NOTES RECEIVABLE	-	-	69,869	-
OTHER	-	-	1,503	-
DUE FROM OTHER FUNDS	-	-	-	-
TOTAL ASSETS	\$ 137,046	\$ 146,782	\$ 564,004	\$ 8,366
LIABILITIES				
ACCOUNTS PAYABLE	\$ -	\$ 88	\$ 26,365	\$ -
DUE TO OTHER FUNDS	-	-	-	-
TOTAL LIABILITIES	-	88	26,365	-
FUND BALANCE				
NONSPENDABLE FOR:				
NOTES	-	-	69,869	-
RESTRICTED FOR:				
CONSERVATION TRUST	137,046	-	-	-
ENDOWMENTS	-	-	-	-
ASSIGNED	-	146,694	467,770	8,366
TOTAL FUND BALANCE	137,046	146,694	537,639	8,366
TOTAL LIABILITIES AND FUND BALANCE	\$ 137,046	\$ 146,782	\$ 564,004	\$ 8,366

MOVING VIOLATION SURCHARGE	LODGING TAX TOURISM	PERMANENT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUND
		LIBRARY ENDOWMENT	CEMETERY ENDOWMENT	
\$ 7,106	\$ 463,184	\$ 100,000	\$ 256,482	\$ 1,611,598
-	14,959	-	-	14,959
-	-	-	-	69,869
-	-	-	497	2,000
-	-	-	4,301	4,301
<u>\$ 7,106</u>	<u>\$ 478,143</u>	<u>\$ 100,000</u>	<u>\$ 261,280</u>	<u>\$ 1,702,727</u>
\$ -	\$ 32	\$ -	\$ 5	\$ 26,490
-	40,436	-	-	40,436
-	40,468	-	5	66,926
-	-	-	-	69,869
-	-	-	-	137,046
-	-	100,000	261,275	361,275
7,106	437,675	-	-	1,067,611
<u>7,106</u>	<u>437,675</u>	<u>100,000</u>	<u>261,275</u>	<u>1,635,801</u>
<u>\$ 7,106</u>	<u>\$ 478,143</u>	<u>\$ 100,000</u>	<u>\$ 261,280</u>	<u>\$ 1,702,727</u>

CITY OF LA JUNTA, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCE

YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	URBAN RENEWAL AUTHORITY	LA JUNTA CAPITAL INC.
REVENUES				
TAXES	\$ -	\$ -	\$ 77,129	\$ -
INTERGOVERNMENTAL	69,500	-	-	-
INTEREST	51	818	2,603	2
OTHER	-	-	-	-
TOTAL REVENUES	69,551	818	79,732	2
EXPENDITURES				
GENERAL GOVERNMENT	12,000	-	10,526	80
ECONOMIC DEVELOPMENT	-	5,605	95,029	-
DEBT SERVICE	-	-	34,730	-
TOTAL EXPENDITURES	12,000	5,605	140,285	80
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	57,551	(4,787)	(60,553)	(78)
OTHER FINANCING SOURCES (USES)				
CONTRIBUTIONS	-	-	-	-
TRANSFER OUT	-	-	(12,000)	-
OTHER	-	-	14,018	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	57,551	(4,787)	(58,535)	(78)
FUND BALANCE JANUARY 1	79,495	151,481	596,174	8,444
FUND BALANCE DECEMBER 31	<u>\$ 137,046</u>	<u>\$ 146,694</u>	<u>\$ 537,639</u>	<u>\$ 8,366</u>

MOVING VIOLATION SURCHARGE	LODGING TAX TOURISM	PERMANENT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
		LIBRARY ENDOWMENT	CEMETERY ENDOWMENT	
\$ -	\$ 185,321	\$ -	\$ -	\$ 262,450
-	-	-	-	69,500
-	101	200	1,490	5,265
802	-	-	-	802
802	185,422	200	1,490	338,017
-	103,150	-	-	125,756
-	-	-	-	100,634
-	-	-	-	34,730
-	103,150	-	-	261,120
802	82,272	200	1,490	76,897
-	-	-	3,337	3,337
-	-	(200)	(964)	(12,000)
-	-	-	-	12,854
802	82,272	-	3,863	81,088
6,304	355,403	100,000	257,412	1,554,713
\$ 7,106	\$ 437,675	\$ 100,000	\$ 261,275	\$ 1,635,801

CITY OF LA JUNTA, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 137,046</u>	<u>\$ 79,495</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
RESTRICTED	<u>137,046</u>	<u>79,495</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 137,046</u>	<u>\$ 79,495</u>

CITY OF LA JUNTA, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
INTERGOVERNMENTAL	\$ 69,500	\$ 117,000	\$ (47,500)	\$ 68,041
INTEREST	51	200	(149)	66
TOTAL REVENUES	69,551	117,200	(47,649)	68,107
EXPENDITURES				
RECREATION	12,000	82,000	70,000	110,821
REVENUES OVER (UNDER) EXPENDITURES	57,551	35,200	22,351	(42,714)
FUND BALANCE JANUARY 1	79,495	79,495	-	122,209
FUND BALANCE DECEMBER 31	<u>\$ 137,046</u>	<u>\$ 114,695</u>	<u>\$ 22,351</u>	<u>\$ 79,495</u>

CITY OF LA JUNTA, COLORADO
 ECONOMIC DEVELOPMENT FUND
 BALANCE SHEET
 DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CASH OR EQUIVALENTS	\$ 146,782	\$ 151,117
ACCOUNTS RECEIVABLE	-	364
TOTAL ASSETS	\$ 146,782	\$ 151,481
LIABILITIES		
ACCOUNTS PAYABLE	\$ 88	\$ -
FUND BALANCE ASSIGNED	146,694	151,481
TOTAL LIABILITIES AND FUND BALANCE	\$ 146,782	\$ 151,481

CITY OF LA JUNTA, COLORADO
ECONOMIC DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
INTEREST INCOME	\$ 818	\$ 400	\$ 418	\$ 1,047
TOTAL REVENUES	<u>818</u>	<u>400</u>	<u>418</u>	<u>1,047</u>
EXPENDITURES				
CONTRACT SERVICES	1,179	2,400	1,221	50,834
MISCELLANEOUS	4,426	10,000	5,574	6,060
TOTAL EXPENDITURES	<u>5,605</u>	<u>12,400</u>	<u>6,795</u>	<u>56,894</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(4,787)	(12,000)	7,213	(55,847)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN	-	-	-	89,742
CONTRIBUTIONS	-	-	-	3,846
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(4,787)	(12,000)	7,213	37,741
FUND BALANCE JANUARY 1	<u>151,481</u>	<u>151,481</u>	-	<u>113,740</u>
FUND BALANCE DECEMBER 31	<u>\$ 146,694</u>	<u>\$ 139,481</u>	<u>\$ 7,213</u>	<u>\$ 151,481</u>

CITY OF LA JUNTA, COLORADO
 LA JUNTA URBAN RENEWAL AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CASH OR EQUIVALENTS	\$ 492,632	\$ 518,517
NOTES RECEIVABLE	69,869	75,787
GRANT RECEIVABLE	-	10,049
ACCRUED INTEREST RECEIVABLE	253	1,986
DEPOSITS	1,250	2,460
TOTAL ASSETS	\$ 564,004	\$ 608,799
LIABILITIES		
ACCOUNTS PAYABLE	\$ 26,365	\$ 7,625
UNEARNED REVENUE	-	5,000
TOTAL LIABILITIES	26,365	12,625
FUND BALANCE		
NONSPENDABLE - NOTES RECEIVABLE	69,869	75,787
ASSIGNED	467,770	520,387
TOTAL FUND BALANCE	537,639	596,174
TOTAL LIABILITIES AND FUND BALANCE	\$ 564,004	\$ 608,799

CITY OF LA JUNTA, COLORADO

LA JUNTA URBAN RENEWAL AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
PROPERTY TAXES	\$ 77,129	\$ 76,000	\$ 1,129	\$ 76,504
LOCAL FUNDS	-	1,200	(1,200)	1,200
GRANTS	10,535	-	10,535	17,970
INTEREST	2,603	2,500	103	5,771
GAIN ON SALE OF ASSETS	2,986	-	2,986	-
MISCELLANEOUS	497	-	497	16,065
TOTAL REVENUES	<u>93,750</u>	<u>79,700</u>	<u>14,050</u>	<u>117,510</u>
EXPENDITURES				
ECONOMIC DEVELOPMENT	95,029	426,000	330,971	114,738
GENERAL GOVERNMENT	10,526	14,300	3,774	13,668
DEBT SERVICE	34,730	34,700	(30)	69,406
TOTAL EXPENDITURES	<u>140,285</u>	<u>475,000</u>	<u>334,715</u>	<u>197,812</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(46,535)	(395,300)	348,765	(80,302)
OTHER FINANCING SOURCES TRANSFER OUT	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(58,535)	(407,300)	348,765	(80,302)
FUND BALANCE JANUARY 1	<u>596,174</u>	<u>596,174</u>	<u>-</u>	<u>676,476</u>
FUND BALANCE DECEMBER 31	<u>\$ 537,639</u>	<u>\$ 188,874</u>	<u>\$ 348,765</u>	<u>\$ 596,174</u>

CITY OF LA JUNTA, COLORADO

LA JUNTA CAPITAL, INC.

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 8,366</u>	<u>\$ 8,444</u>
LIABILITIES		
ACCOUNTS PAYABLE	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
ASSIGNED	<u>8,366</u>	<u>8,444</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,366</u>	<u>\$ 8,444</u>

CITY OF LA JUNTA, COLORADO

LA JUNTA CAPITAL, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
INTEREST	\$ 2	\$ -	\$ 2	\$ 2
OTHER	-	20,000	(20,000)	-
TOTAL REVENUES	2	20,000	(19,998)	2
EXPENDITURES				
ADMINISTRATION	80	20,000	19,920	-
REVENUES OVER (UNDER) EXPENDITURES	(78)	-	(78)	2
FUND BALANCE JANUARY 1	8,444	8,444	-	8,442
FUND BALANCE DECEMBER 31	\$ 8,366	\$ 8,444	\$ (78)	\$ 8,444

CITY OF LA JUNTA, COLORADO
MOVING VIOLATION SURCHARGE
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CASH OR EQUIVALENTS	\$ 7,106	\$ 6,304
 LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
 FUND BALANCE		
ASSIGNED	7,106	6,304
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,106	\$ 6,304

CITY OF LA JUNTA, COLORADO

MOVING VIOLATION SURCHARGE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
SURCHARGE	\$ 802	\$ 500	\$ 302	\$ 456
EXPENDITURES				
CAPITAL OUTLAY	-	-	-	-
REVENUES OVER EXPENDITURES	802	500	302	456
FUND BALANCE JANUARY 1	6,304	6,304	-	5,848
FUND BALANCE DECEMBER 31	<u>\$ 7,106</u>	<u>\$ 6,804</u>	<u>\$ 302</u>	<u>\$ 6,304</u>

CITY OF LA JUNTA, COLORADO

LODGING TAX TOURISM FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 463,184	\$ 385,004
TAX RECEIVABLE	<u>14,959</u>	<u>10,838</u>
TOTAL ASSETS	<u>\$ 478,143</u>	<u>\$ 395,842</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 32	\$ 500
DUE TO OTHER FUNDS	<u>40,436</u>	<u>39,939</u>
TOTAL LIABILITIES	<u>40,468</u>	<u>40,439</u>
FUND BALANCE		
ASSIGNED	<u>437,675</u>	<u>355,403</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 478,143</u>	<u>\$ 395,842</u>

CITY OF LA JUNTA, COLORADO

LODGING TAX TOURISM FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
TOURISM TAX	\$ 185,321	\$ 135,000	\$ 50,321	\$ 166,973
INTEREST	101	100	1	84
TOTAL REVENUES	<u>185,422</u>	<u>135,100</u>	<u>50,322</u>	<u>167,057</u>
EXPENDITURES				
ADVERTISING	44,998	42,000	(2,998)	64,182
SUPPLIES	5,000	15,000	10,000	5,000
EVENTS	46,644	49,700	3,056	37,179
ADMINISTRATIVE FEES	5,436	4,500	(936)	4,940
MISCELLANEOUS	1,072	1,000	(72)	645
TOTAL EXPENDITURES	<u>103,150</u>	<u>112,200</u>	<u>9,050</u>	<u>111,946</u>
REVENUES OVER (UNDER) EXPENDITURES	82,272	22,900	59,372	55,111
FUND BALANCE JANUARY 1	<u>355,403</u>	<u>355,403</u>	-	<u>300,292</u>
FUND BALANCE DECEMBER 31	<u>\$ 437,675</u>	<u>\$ 378,303</u>	<u>\$ 59,372</u>	<u>\$ 355,403</u>

CITY OF LA JUNTA, COLORADO

LIBRARY ENDOWMENT FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH IN SAVINGS	<u>\$ 100,000</u>	<u>\$ 100,000</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
RESTRICTED FOR ENDOWMENTS	<u>100,000</u>	<u>100,000</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 100,000</u>	<u>\$ 100,000</u>

CITY OF LA JUNTA, COLORADO

LIBRARY ENDOWMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
INTEREST INCOME	\$ 200	\$ 200	\$ -	\$ 200
EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES BEFORE OTHER	200	200	-	200
OTHER	(200)	(200)	-	(200)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE JANUARY 1	100,000	100,000	-	100,000
FUND BALANCE DECEMBER 31	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

CITY OF LA JUNTA, COLORADO
CEMETERY ENDOWMENT FUND
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CASH AND EQUIVALENTS	\$ 256,482	\$ 256,294
ACCRUED INTEREST RECEIVABLE	497	159
DUE FROM OTHER FUNDS	4,301	964
TOTAL ASSETS	\$ 261,280	\$ 257,417
LIABILITIES		
ACCOUNTS PAYABLE	\$ 5	\$ 5
FUND BALANCE		
RESTRICTED FOR ENDOWMENTS	261,275	257,412
TOTAL LIABILITIES AND FUND BALANCE	\$ 261,280	\$ 257,417

CITY OF LA JUNTA

CEMETERY ENDOWMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
	ACTUAL	FINAL BUDGET		
REVENUES				
INTEREST INCOME	\$ 1,490	\$ 400	\$ 1,090	\$ 524
EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES BEFORE CONTRIBUTIONS AND OTHER	1,490	400	1,090	524
CONTRIBUTIONS	3,337	2,600	737	3,990
OTHER	(964)	(400)	(564)	(470)
NET CHANGE IN FUND BALANCE	3,863	2,600	1,263	4,044
FUND BALANCE JANUARY 1	257,412	257,412	-	253,368
FUND BALANCE DECEMBER 31	<u>\$ 261,275</u>	<u>\$ 260,012</u>	<u>\$ 1,263</u>	<u>\$ 257,412</u>

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 4,139,943	\$ 4,021,940
ACCOUNTS RECEIVABLE BILLED CUSTOMERS - NET	647,869	647,763
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	616,100	620,600
BORROWINGS TO OTHER FUND - CURRENT	140,354	134,859
INVENTORIES	1,657,355	1,725,885
PREPAID AND ACCRUALS	<u>5,294</u>	<u>3,555</u>
TOTAL CURRENT ASSETS	<u>7,206,915</u>	<u>7,154,602</u>
PROPERTY AND EQUIPMENT		
LAND, ELECTRIC SYSTEM, AND EQUIPMENT	17,486,928	17,557,122
ACCUMULATED DEPRECIATION	<u>(14,127,851)</u>	<u>(13,890,795)</u>
NET PROPERTY AND EQUIPMENT	<u>3,359,077</u>	<u>3,666,327</u>
OTHER ASSETS		
BORROWINGS TO OTHER FUND	<u>970,699</u>	<u>1,111,053</u>
TOTAL ASSETS	<u>\$ 11,536,691</u>	<u>\$ 11,931,982</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 721,139	\$ 758,360
CUSTOMER DEPOSITS	161,596	134,676
DUE TO OTHER FUND	-	2,908
UNEARNED REVENUE	<u>73,609</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	956,344	895,944
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	<u>362,531</u>	<u>338,179</u>
TOTAL LIABILITIES	<u>1,318,875</u>	<u>1,234,123</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	3,359,077	3,666,327
UNRESTRICTED	<u>6,858,739</u>	<u>7,031,532</u>
TOTAL NET POSITION	<u>10,217,816</u>	<u>10,697,859</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,536,691</u>	<u>\$ 11,931,982</u>

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 11,794,034	\$ 11,278,773
TOTAL OPERATING REVENUES	<u>11,794,034</u>	<u>11,278,773</u>
OPERATING EXPENSES		
GENERATION	9,720,413	9,318,900
DISTRIBUTION	1,004,866	929,438
ACCOUNTING AND GENERAL ADMINISTRATION	1,229,817	1,257,145
DEPRECIATION	433,403	447,174
TOTAL OPERATING EXPENSES	<u>12,388,499</u>	<u>11,952,657</u>
OPERATING (LOSS) INCOME	<u>(594,465)</u>	<u>(673,884)</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST INCOME	72,818	68,897
OTHER	98,316	62,698
GAIN (LOSS) ON SALE OF ASSETS	(56,712)	5,000
TOTAL NONOPERATING REVENUES	<u>114,422</u>	<u>136,595</u>
CHANGE IN NET POSITION	(480,043)	(537,289)
NET POSITION JANUARY 1	<u>10,697,859</u>	<u>11,235,148</u>
NET POSITION DECEMBER 31	<u>\$ 10,217,816</u>	<u>\$ 10,697,859</u>

CITY OF LA JUNTA, COLORADO
ELECTRIC UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 11,798,428	\$ 11,274,817
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	<u>(11,875,913)</u>	<u>(11,590,225)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(77,485)</u>	<u>(315,408)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
OTHER REVENUES	171,925	62,698
CUSTOMER DEPOSITS	<u>26,920</u>	<u>(29,063)</u>
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>198,845</u>	<u>33,635</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(211,115)	(468,715)
CASH PROCEEDS FROM SALE OF ASSET	-	5,000
BORROWINGS TO OTHER FUND	<u>134,859</u>	<u>129,581</u>
NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(76,256)</u>	<u>(334,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS AND LOANS	<u>72,899</u>	<u>70,039</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	118,003	(545,868)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>4,021,940</u>	<u>4,567,808</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 4,139,943</u>	<u>\$ 4,021,940</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING LOSS	\$ (594,465)	\$ (673,884)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
DEPRECIATION	433,403	447,174
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	4,394	(3,956)
(INCREASE) DECREASE IN INVENTORIES	68,530	(23,569)
(INCREASE) DECREASE IN PREPAIDS	(1,820)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(8,971)	(58,578)
INCREASE (DECREASE) IN ACCRUED BENEFITS	24,352	(5,503)
INCREASE (DECREASE) IN DUE TO OTHER FUNDS	<u>(2,908)</u>	<u>2,908</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (77,485)</u>	<u>\$ (315,408)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE	<u>\$ -</u>	<u>\$ 28,250</u>

CITY OF LA JUNTA, COLORADO

ELECTRIC UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 11,048,000	\$ 11,048,000	\$ 11,794,034	\$ 746,034
INTEREST INCOME	7,000	7,000	72,818	65,818
OTHER	168,600	242,200	41,604	(200,596)
TOTAL REVENUES	<u>11,223,600</u>	<u>11,297,200</u>	<u>11,908,456</u>	<u>611,256</u>
EXPENDITURES				
GENERATION	9,349,700	9,349,700	9,720,413	(370,713)
DISTRIBUTION	985,100	985,100	1,004,866	(19,766)
GENERAL ADMINISTRATION	1,491,400	1,709,400	1,229,817	479,583
DEPRECIATION	500,000	500,000	433,403	66,597
CAPITAL OUTLAY	443,400	443,400	211,115	232,285
TOTAL EXPENDITURES	<u>12,769,600</u>	<u>12,987,600</u>	<u>12,599,614</u>	<u>387,986</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(1,546,000)	(1,690,400)	(691,158)	999,242
OTHER FINANCING SOURCES (USES) PROCEEDS FROM BORROWING	<u>182,000</u>	<u>182,000</u>	<u>134,859</u>	<u>(47,141)</u>
	<u>\$ (1,364,000)</u>	<u>\$ (1,508,400)</u>	<u>(556,299)</u>	<u>\$ 952,101</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR:				
CAPITALIZATION OF FIXED ASSETS			211,115	
PROCEEDS FROM BORROWING			<u>(134,859)</u>	
TOTAL ADJUSTMENTS TO BASIS			<u>76,256</u>	
CHANGE IN NET POSITION			(480,043)	
TOTAL NET POSITION JANUARY 1			<u>10,697,859</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 10,217,816</u>	

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 615,311	\$ 500,152
ACCOUNTS RECEIVABLE - CUSTOMERS	142,258	167,995
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	89,800	69,500
INVENTORIES	414,168	390,981
WATER INVENTORY	36,076	44,559
PREPAID AND ACCRUALS	<u>30,372</u>	<u>25,649</u>
TOTAL CURRENT ASSETS	<u>1,327,985</u>	<u>1,198,836</u>
PROPERTY AND EQUIPMENT		
LAND, WATER SYSTEM, AND EQUIPMENT	25,879,916	25,809,216
ACCUMULATED DEPRECIATION	<u>(12,977,262)</u>	<u>(12,632,495)</u>
NET PROPERTY AND EQUIPMENT	<u>12,902,654</u>	<u>13,176,721</u>
TOTAL ASSETS	<u>\$ 14,230,639</u>	<u>\$ 14,375,557</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 120,318	\$ 10,041
ACCRUED WATER STORAGE FEE	9,019	11,840
ACCRUED LOAN INTEREST	36,614	50,749
DUE TO OTHER FUNDS	-	2,908
UNEARNED REVENUE - WATER LEASES	10,242	8,458
CURRENT PORTION - LOAN PAYABLE	<u>683,710</u>	<u>667,411</u>
TOTAL CURRENT LIABILITIES	<u>859,903</u>	<u>751,407</u>
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	195,113	188,213
LOAN PAYABLE	<u>2,916,673</u>	<u>3,600,382</u>
TOTAL NONCURRENT LIABILITIES	<u>3,111,786</u>	<u>3,788,595</u>
TOTAL LIABILITIES	<u>3,971,689</u>	<u>4,540,002</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	9,302,271	8,908,928
RESTRICTED FOR OPERATIONS & MAINTENANCE	510,000	476,000
UNRESTRICTED	<u>446,679</u>	<u>450,627</u>
TOTAL NET POSITION	<u>10,258,950</u>	<u>9,835,555</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,230,639</u>	<u>\$ 14,375,557</u>

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 2,876,602	\$ 2,556,019
OTHER	129,619	180,724
	<u>3,006,221</u>	<u>2,736,743</u>
OPERATING EXPENSES		
SOURCE OF SUPPLY	132,819	123,155
POWER AND PUMPING	254,148	224,496
PURIFICATION	647,579	642,071
TRANSMISSION AND STORAGE	44,545	54,277
DISTRIBUTION	347,051	268,415
ACCOUNTING AND GENERAL ADMINISTRATION	594,412	590,071
DEPRECIATION	504,161	506,685
	<u>2,524,715</u>	<u>2,409,170</u>
TOTAL OPERATING EXPENSES		
	<u>481,506</u>	<u>327,573</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST INCOME	2,060	904
INTEREST EXPENSE	(99,038)	(125,328)
RENT AND OTHER	25,914	27,998
	<u>(71,064)</u>	<u>(96,426)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	410,442	231,147
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS		
TRANSFERS OUT	(17,089)	-
CAPITAL CONTRIBUTIONS	30,042	13,650
	<u>423,395</u>	<u>244,797</u>
CHANGE IN NET POSITION		
NET POSITION JANUARY 1	<u>9,835,555</u>	<u>9,590,758</u>
NET POSITION DECEMBER 31	<u>\$ 10,258,950</u>	<u>\$ 9,835,555</u>

CITY OF LA JUNTA, COLORADO
WATER UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 2,882,039	\$ 2,552,994
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(2,015,517)	(1,867,886)
OTHER OPERATING REVENUES	129,619	180,724
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	996,141	865,832
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS OUT	(17,089)	-
RENTS RECEIVED AND OTHER	27,698	27,998
NET CASH FLOWS PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	10,609	27,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(143,685)	(99,960)
CAPITAL CONTRIBUTED	30,042	13,650
PRINCIPAL PAID ON LOANS PAYABLE	(667,410)	(651,111)
INTEREST PAID ON LOANS PAYABLE	(113,173)	(126,689)
NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(894,226)	(864,110)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	2,635	520
NET CHANGE IN CASH AND CASH EQUIVALENTS	115,159	30,240
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	500,152	469,912
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 615,311	\$ 500,152
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 481,506	\$ 327,573
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	504,161	506,685
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	5,437	(3,025)
(INCREASE) DECREASE IN INVENTORIES	(14,704)	29,823
(INCREASE) DECREASE IN PREPAIDS	(5,298)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	23,868	(12,304)
INCREASE (DECREASE) IN DUE TO OTHER FUNDS	(2,908)	2,908
INCREASE (DECREASE) IN ACCRUED EXPENSES	4,079	14,172
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 996,141	\$ 865,832
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE	\$ 86,409	\$ -

CITY OF LA JUNTA, COLORADO

WATER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
CHARGES FOR SERVICES	\$ 2,868,100	\$ 2,868,100	\$ 2,876,602	\$ 8,502
INTEREST INCOME	1,000	1,000	2,060	1,060
OTHER	176,400	177,800	155,533	(22,267)
TOTAL REVENUES	<u>3,045,500</u>	<u>3,046,900</u>	<u>3,034,195</u>	<u>(12,705)</u>
EXPENDITURES				
SOURCE OF SUPPLY	155,400	155,400	132,819	22,581
POWER AND PUMPING	260,100	260,100	254,148	5,952
PURIFICATION	691,400	691,400	647,579	43,821
TRANSMISSION AND STORAGE	46,100	46,100	44,545	1,555
DISTRIBUTION	382,900	382,900	347,051	35,849
GENERAL ADMINISTRATION	634,000	635,400	594,412	40,988
DEPRECIATION AND AMORTIZATION	598,000	598,000	504,161	93,839
INTEREST	114,000	114,000	99,038	14,962
CAPITAL OUTLAY	228,000	228,000	230,094	(2,094)
DEBT SERVICE	667,500	667,500	667,410	90
TOTAL EXPENDITURES	<u>3,777,400</u>	<u>3,778,800</u>	<u>3,521,257</u>	<u>257,543</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(731,900)	(731,900)	(487,062)	244,838
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	(17,089)	(17,089)
CONTRIBUTIONS	5,000	5,000	30,042	25,042
	<u>\$ (726,900)</u>	<u>\$ (726,900)</u>	<u>(474,109)</u>	<u>\$ 252,791</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR:				
CAPITALIZATION OF FIXED ASSETS			230,094	
PRINCIPAL PAID ON LOANS			<u>667,410</u>	
TOTAL ADJUSTMENTS TO BASIS			<u>897,504</u>	
CHANGE IN NET POSITION			423,395	
TOTAL NET POSITION JANUARY 1			<u>9,835,555</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 10,258,950</u>	

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 308,766	\$ 94,881
CASH WITH TRUSTEE	2,934,650	10,340,168
ACCOUNTS RECEIVABLE - CUSTOMERS	175,518	165,933
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	96,900	98,400
INVENTORIES	18,387	19,151
PREPAID AND ACCRUALS	1,195	-
	<u>3,535,416</u>	<u>10,718,533</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
LAND, SEWER SYSTEM, AND EQUIPMENT	29,186,084	17,882,096
ACCUMULATED DEPRECIATION	<u>(9,411,254)</u>	<u>(9,173,229)</u>
	<u>19,774,830</u>	<u>8,708,867</u>
NET PROPERTY AND EQUIPMENT		
TOTAL ASSETS	<u>\$ 23,310,246</u>	<u>\$ 19,427,400</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 1,940,903	\$ 1,573,894
ACCRUED INTEREST	95,226	108,641
DUE TO OTHER FUNDS	-	2,120
CURRENT PORTION - LOANS PAYABLE	<u>655,783</u>	<u>542,271</u>
	<u>2,691,912</u>	<u>2,226,926</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	205,723	186,093
LOANS PAYABLE	<u>14,180,413</u>	<u>11,836,197</u>
	<u>14,386,136</u>	<u>12,022,290</u>
TOTAL NONCURRENT LIABILITIES		
TOTAL LIABILITIES	<u>17,078,048</u>	<u>14,249,216</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	7,873,284	6,670,567
RESTRICTED FOR OPERATIONS & MAINTENANCE	349,000	318,000
UNRESTRICTED	<u>(1,990,086)</u>	<u>(1,810,383)</u>
	<u>6,232,198</u>	<u>5,178,184</u>
TOTAL NET POSITION		
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,310,246</u>	<u>\$ 19,427,400</u>

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	<u>\$ 2,448,731</u>	<u>\$ 2,173,121</u>
OPERATING EXPENSES		
COLLECTION SYSTEM	275,705	255,929
PUMPING STATIONS	74,042	75,306
TREATMENT PLANT	658,339	584,343
PRETREATMENT	57,858	62,849
ACCOUNTING AND GENERAL ADMINISTRATION	327,158	292,228
DEPRECIATION	<u>262,409</u>	<u>267,955</u>
TOTAL OPERATING EXPENSES	<u>1,655,511</u>	<u>1,538,610</u>
OPERATING INCOME (LOSS)	<u>793,220</u>	<u>634,511</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST INCOME	647	350
INTEREST EXPENSE	-	(205,342)
GRANT AND OTHER	256,847	9,323
GAIN (LOSS) ON SALE OF ASSETS	<u>-</u>	<u>(16,310)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>257,494</u>	<u>(211,979)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,050,714	422,532
CAPITAL CONTRIBUTIONS	<u>3,300</u>	<u>800</u>
CHANGE IN NET POSITION	1,054,014	423,332
NET POSITION JANUARY 1	<u>5,178,184</u>	<u>4,754,852</u>
NET POSITION DECEMBER 31	<u>\$ 6,232,198</u>	<u>\$ 5,178,184</u>

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 2,440,646	\$ 2,147,768
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	<u>(1,383,434)</u>	<u>(1,251,314)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,057,212</u>	<u>896,454</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
GRANT AND OTHER	<u>256,847</u>	<u>31,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(10,953,721)	(2,537,975)
CAPITAL CONTRIBUTED	3,300	800
LOAN PROCEEDS	3,000,000	-
PRINCIPAL PAID ON LOANS PAYABLE	(542,272)	(531,932)
INTEREST PAID ON LOANS PAYABLE	<u>(13,415)</u>	<u>(209,520)</u>
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(8,506,108)</u>	<u>(3,278,627)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	<u>416</u>	<u>350</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,191,633)	(2,350,773)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>10,435,049</u>	<u>12,785,822</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 3,243,416</u>	<u>\$ 10,435,049</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 793,220	\$ 634,511
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	262,409	267,955
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(8,085)	(25,353)
(INCREASE) DECREASE IN INVENTORIES	764	(2,004)
(INCREASE) DECREASE IN PREPAIDS	(964)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(7,642)	292
INCREASE (DECREASE) IN DUE TO OTHER FUNDS	(2,120)	2,120
INCREASE (DECREASE) IN ACCRUED BENEFITS	<u>19,630</u>	<u>18,933</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,057,212</u>	<u>\$ 896,454</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE	<u>\$ 1,934,744</u>	<u>\$ 1,560,093</u>

CITY OF LA JUNTA, COLORADO

SEWER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 2,472,000	\$ 2,472,000	\$ 2,448,731	\$ (23,269)
INTEREST INCOME	1,000	1,000	647	(353)
OTHER INCOME (LOSS)	-	-	256,847	256,847
TOTAL REVENUES	<u>2,473,000</u>	<u>2,473,000</u>	<u>2,706,225</u>	<u>233,225</u>
EXPENDITURES				
COLLECTION SYSTEM	272,500	272,500	275,705	(3,205)
PUMPING STATION	91,400	91,400	74,042	17,358
TREATMENT PLANT	711,076	761,076	658,339	102,737
PRETREATMENT	61,800	61,800	57,858	3,942
GENERAL ADMINISTRATION	337,324	337,324	327,158	10,166
DEPRECIATION	344,000	344,000	262,409	81,591
INTEREST	261,100	261,100	-	261,100
CAPITAL OUTLAY	10,000,000	10,000,000	11,328,372	(1,328,372)
DEBT SERVICE	529,900	529,900	542,272	(12,372)
TOTAL EXPENDITURES	<u>12,609,100</u>	<u>12,659,100</u>	<u>13,526,155</u>	<u>(867,055)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(10,136,100)	(10,186,100)	(10,819,930)	(633,830)
OTHER FINANCING SOURCES				
BOND PROCEEDS	10,000,000	10,000,000	10,405,518	405,518
CONTRIBUTIONS	-	-	3,300	3,300
	<u>\$ (136,100)</u>	<u>\$ (186,100)</u>	<u>(411,112)</u>	<u>\$ (225,012)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR:				
CAPITALIZATION OF FIXED ASSETS			11,328,372	
PRINCIPAL PAID ON LOANS			542,272	
BOND PROCEEDS			<u>(10,405,518)</u>	
TOTAL ADJUSTMENTS TO BASIS			<u>1,465,126</u>	
CHANGE IN NET POSITION			1,054,014	
TOTAL NET POSITION JANUARY 1			<u>5,178,184</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 6,232,198</u>	

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 1,421,961	\$ 1,608,867
ACCOUNTS RECEIVABLE - CUSTOMERS	56,317	62,330
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	33,400	33,300
INVENTORIES	-	9,000
PREPAID AND ACCRUALS	<u>2,035</u>	<u>157</u>
TOTAL CURRENT ASSETS	<u>1,513,713</u>	<u>1,713,654</u>
PROPERTY AND EQUIPMENT		
STRUCTURES AND EQUIPMENT	934,711	827,463
ACCUMULATED DEPRECIATION	<u>(448,622)</u>	<u>(576,744)</u>
NET PROPERTY AND EQUIPMENT	<u>486,089</u>	<u>250,719</u>
TOTAL ASSETS	<u>\$ 1,999,802</u>	<u>\$ 1,964,373</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 6,430	\$ 6,411
DUE TO OTHER FUNDS	-	3,346
CURRENT PORTION - LANDFILL COSTS	<u>101,425</u>	<u>15,960</u>
TOTAL CURRENT LIABILITIES	<u>107,855</u>	<u>25,717</u>
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	34,273	29,868
ACCRUED CLOSURE AND POST CLOSURE COSTS	<u>304,275</u>	<u>516,040</u>
TOTAL NONCURRENT LIABILITIES	<u>338,548</u>	<u>545,908</u>
TOTAL LIABILITIES	<u>446,403</u>	<u>571,625</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	486,089	250,719
UNRESTRICTED	<u>1,067,310</u>	<u>1,142,029</u>
TOTAL NET POSITION	<u>1,553,399</u>	<u>1,392,748</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,999,802</u>	<u>\$ 1,964,373</u>

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 849,896	\$ 860,215
OTHER	44,031	27,232
	<u>893,927</u>	<u>887,447</u>
OPERATING EXPENSES		
SALARIES AND BENEFITS	328,288	301,777
SUPPLIES	65,088	60,510
MAINTENANCE	99,413	60,035
RECYCLING	15,634	14,942
LANDFILL AND POST CLOSURE COSTS	188,367	152,116
ACCOUNTING AND GENERAL ADMINISTRATION	105,274	103,286
DEPRECIATION	59,171	83,606
	<u>861,235</u>	<u>776,272</u>
TOTAL OPERATING EXPENSES		
	<u>32,692</u>	<u>111,175</u>
OPERATING INCOME		
NONOPERATING REVENUES		
INTEREST INCOME	1,659	1,165
GAIN (LOSS) ON SALE OF ASSETS	-	(27,337)
	<u>1,659</u>	<u>(26,172)</u>
TOTAL NONOPERATING REVENUES		
	<u>34,351</u>	<u>85,003</u>
INCOME BEFORE SPECIAL ITEM		
SPECIAL ITEM		
CHANGE IN ACCOUNTING ESTIMATE	126,300	161,850
	<u>160,651</u>	<u>246,853</u>
CHANGE IN NET POSITION		
NET POSITION JANUARY 1	<u>1,392,748</u>	<u>1,145,895</u>
NET POSITION DECEMBER 31	<u>\$ 1,553,399</u>	<u>\$ 1,392,748</u>

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 855,809	\$ 855,962
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(793,656)	(765,355)
OTHER OPERATING REVENUES	<u>44,031</u>	<u>27,232</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>106,184</u>	<u>117,839</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(294,541)	(8,773)
CASH PROCEEDS FROM SALE OF ASSET	<u>-</u>	<u>2,500</u>
NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(294,541)</u>	<u>(6,273)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	<u>1,451</u>	<u>1,131</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(186,906)	112,697
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>1,608,867</u>	<u>1,496,170</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,421,961</u>	<u>\$ 1,608,867</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 32,692	\$ 111,175
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	59,171	83,606
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	5,913	(4,253)
(INCREASE) DECREASE IN INVENTORIES	9,000	(3,758)
(INCREASE) DECREASE IN PREPAIDS	(1,670)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	19	(33,706)
INCREASE (DECREASE) IN DUE TO OTHER FUNDS	(3,346)	3,346
INCREASE (DECREASE) IN ACCRUED POST CLOSURE COSTS	-	(33,150)
INCREASE (DECREASE) IN ACCRUED BENEFITS	<u>4,405</u>	<u>(5,421)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 106,184</u>	<u>\$ 117,839</u>

CITY OF LA JUNTA, COLORADO

SANITATION UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 839,300	\$ 839,300	\$ 849,896	\$ 10,596
INTEREST	600	600	1,659	1,059
OTHER	27,000	27,000	44,031	17,031
TOTAL REVENUES	<u>866,900</u>	<u>866,900</u>	<u>895,586</u>	<u>28,686</u>
EXPENDITURES				
SALARIES AND BENEFITS	410,900	410,900	328,288	82,612
SUPPLIES	74,500	74,500	65,088	9,412
MAINTENANCE	100,700	100,700	99,413	1,287
RECYCLING	16,000	16,000	15,634	366
LANDFILL AND POST CLOSURE COSTS	319,500	319,500	188,367	131,133
GENERAL ADMINISTRATION	98,300	98,300	105,274	(6,974)
DEPRECIATION	100,000	100,000	59,171	40,829
CAPITAL OUTLAY	340,000	340,000	294,541	45,459
TOTAL EXPENDITURES	<u>1,459,900</u>	<u>1,459,900</u>	<u>1,155,776</u>	<u>304,124</u>
REVENUE OVER (UNDER) EXPENDITURES	(593,000)	(593,000)	(260,190)	332,810
SPECIAL ITEM				
CHANGE IN ACCOUNTING ESTIMATE	-	-	126,300	126,300
	<u>\$ (593,000)</u>	<u>\$ (593,000)</u>	<u>(133,890)</u>	<u>\$ 459,110</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR:				
CAPITALIZATION OF FIXED ASSETS			<u>294,541</u>	
CHANGE IN NET POSITION			160,651	
TOTAL NET POSITION JANUARY 1			<u>1,392,748</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 1,553,399</u>	

CITY OF LA JUNTA, COLORADO
PROPERTY MANAGEMENT FUND
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 886,081	\$ 519,207
RENT RECEIVABLE	25,486	43,938
PREPAID AND ACCRUALS	845	-
	<u>912,412</u>	<u>563,145</u>
PROPERTY AND EQUIPMENT		
STRUCTURES AND EQUIPMENT	19,165,210	19,172,632
ACCUMULATED DEPRECIATION	(9,395,826)	(8,824,743)
	<u>9,769,384</u>	<u>10,347,889</u>
NET PROPERTY AND EQUIPMENT		
	<u>9,769,384</u>	<u>10,347,889</u>
TOTAL ASSETS	<u>\$ 10,681,796</u>	<u>\$ 10,911,034</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 5,963	\$ 45,445
ACCRUED PROPERTY TAXES	46,474	50,271
DUE TO OTHER FUND	-	1,121
UNEARNED REVENUES - CURRENT	25,807	-
UNEARNED LEASE REVENUES - CURRENT	61,820	41,738
BORROWINGS FROM OTHER FUND - CURRENT	140,354	134,859
	<u>280,418</u>	<u>273,434</u>
TOTAL CURRENT LIABILITIES		
	<u>280,418</u>	<u>273,434</u>
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	89,757	74,252
UNEARNED LEASE REVENUES	747,785	789,523
BORROWINGS FROM OTHER FUND	970,699	1,111,053
	<u>1,808,241</u>	<u>1,974,828</u>
TOTAL NONCURRENT LIABILITIES		
	<u>1,808,241</u>	<u>1,974,828</u>
TOTAL LIABILITIES	<u>2,088,659</u>	<u>2,248,262</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	8,658,331	9,101,977
UNRESTRICTED	(65,194)	(439,205)
	<u>8,593,137</u>	<u>8,662,772</u>
TOTAL NET POSITION		
	<u>8,593,137</u>	<u>8,662,772</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,681,796</u>	<u>\$ 10,911,034</u>

CITY OF LA JUNTA, COLORADO

PROPERTY MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
RENT	<u>\$ 1,120,252</u>	<u>\$ 1,153,819</u>
OPERATING EXPENSES		
SALARIES AND BENEFITS	297,597	199,462
SUPPLIES	14,383	12,312
UTILITIES	100,820	83,984
MAINTENANCE	87,878	133,250
PROPERTY TAXES	47,704	60,751
GENERAL ADMINISTRATION	192,534	191,139
DEPRECIATION	<u>580,142</u>	<u>659,489</u>
TOTAL OPERATING EXPENSES	<u>1,321,058</u>	<u>1,340,387</u>
OPERATING INCOME (LOSS)	<u>(200,806)</u>	<u>(186,568)</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST	1,527	900
INSURANCE PROCEEDS	-	9,998
GAIN (LOSS) ON SALE OF ASSET	803	(50,876)
GRANTS AND CONTRIBUTIONS	124,761	-
OTHER	<u>2,080</u>	<u>24,441</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>129,171</u>	<u>(15,537)</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)	<u>(71,635)</u>	<u>(202,105)</u>
OTHER FINANCING SOURCES (USES)		
TRANSFERS IN (OUT)	<u>2,000</u>	<u>(99,742)</u>
CHANGE IN NET POSITION	(69,635)	(301,847)
NET POSITION JANUARY 1	<u>8,662,772</u>	<u>8,964,619</u>
NET POSITION DECEMBER 31	<u>\$ 8,593,137</u>	<u>\$ 8,662,772</u>

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

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM RENT	\$ 1,117,048	\$ 1,137,179
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(770,656)	(603,244)
NET CASH PROVIDED BY OPERATING ACTIVITIES	346,392	533,935
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS IN (OUT)	2,000	(99,742)
OTHER	2,080	24,441
NET CASH FLOWS FROM (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	4,080	(75,301)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(335,241)	(423,265)
BORROWINGS FROM OTHER FUNDS	(134,859)	(129,581)
CASH PROCEEDS FROM SALE OF ASSET	334,407	-
CASH PROCEEDS FROM GRANTS AND CONTRIBUTIONS	124,761	-
INSURANCE PROCEEDS	25,807	9,998
NET CASH FLOWS FROM (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	14,875	(542,848)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	1,527	900
NET CHANGE IN CASH AND CASH EQUIVALENTS	366,874	(83,314)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	519,207	602,521
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 886,081	\$ 519,207
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING LOSS	\$ (200,806)	\$ (186,568)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	580,142	659,489
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN RECEIVABLES	18,452	(38,619)
(INCREASE) DECREASE IN PREPAIDS	(845)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(39,482)	40,582
INCREASE (DECREASE) IN DEFERRED REVENUE	(21,656)	21,979
INCREASE (DECREASE) IN DUE TO OTHER FUND	(1,121)	(21,578)
INCREASE (DECREASE) IN ACCRUED TAXES	(3,797)	48,806
INCREASE (DECREASE) IN ACCRUED BENEFITS	15,505	9,844
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 346,392	\$ 533,935

CITY OF LA JUNTA, COLORADO

PROPERTY MANAGEMENT FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
RENT	\$ 1,005,000	\$ 1,005,000	\$ 1,120,252	\$ 115,252
INTEREST	400	400	1,527	1,127
OTHER	459,000	462,000	127,644	(334,356)
TOTAL REVENUES	1,464,400	1,467,400	1,249,423	(217,977)
EXPENDITURES				
SALARIES AND BENEFITS	320,400	320,400	297,597	22,803
SUPPLIES	14,000	14,000	14,383	(383)
UTILITIES	95,600	95,600	100,820	(5,220)
MAINTENANCE	108,500	131,500	87,878	43,622
PROPERTY TAXES	10,000	10,000	47,704	(37,704)
GENERAL ADMINISTRATION	195,800	195,800	192,534	3,266
DEPRECIATION	600,000	600,000	580,142	19,858
CAPITAL OUTLAY	518,000	498,000	335,241	162,759
TOTAL EXPENDITURES	1,862,300	1,865,300	1,656,299	209,001
REVENUES OVER (UNDER) EXPENDITURES	(397,900)	(397,900)	(406,876)	(8,976)
OTHER FINANCING SOURCES (USES) TRANSFERS OUT	(10,000)	(10,000)	2,000	12,000
	<u>\$ (407,900)</u>	<u>\$ (407,900)</u>	(404,876)	<u>\$ 3,024</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR CAPITALIZATION OF FIXED ASSETS			335,241	
CHANGE IN NET POSITION			(69,635)	
TOTAL NET POSITION JANUARY 1			8,662,772	
TOTAL NET POSITION DECEMBER 31			<u>\$ 8,593,137</u>	

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	CITY SERVICES	EMPLOYEE BENEFIT	TOTALS	
			MEMORANDUM ONLY 2018	2017
CURRENT ASSETS				
CASH OR EQUIVALENTS	\$ 1,794,775	\$ 2,219,854	\$ 4,014,629	\$ 4,079,909
ACCOUNTS RECEIVABLE (NET)	5,515	109,390	114,905	4,505
INVENTORIES	42,453	-	42,453	49,170
PREPAIDS AND ACCRUALS	1,215	27	1,242	1,206
TOTAL CURRENT ASSETS	1,843,958	2,329,271	4,173,229	4,134,790
PROPERTY AND EQUIPMENT				
LAND, BUILDINGS AND EQUIPMENT	5,133,316	-	5,133,316	4,764,725
ACCUMULATED DEPRECIATION	(3,495,703)	-	(3,495,703)	(3,334,612)
NET PROPERTY AND EQUIPMENT	1,637,613	-	1,637,613	1,430,113
TOTAL ASSETS	\$ 3,481,571	\$ 2,329,271	\$ 5,810,842	\$ 5,564,903
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 40,968	\$ -	\$ 40,968	\$ 6,849
CLAIMS PAYABLE	-	73,000	73,000	145,000
TOTAL CURRENT LIABILITIES	40,968	73,000	113,968	151,849
NONCURRENT LIABILITIES				
ACCRUED BENEFITS	125,926	-	125,926	121,146
TOTAL LIABILITIES	166,894	73,000	239,894	272,995
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,637,613	-	1,637,613	1,430,113
UNRESTRICTED	1,677,064	2,256,271	3,933,335	3,861,795
TOTAL NET POSITION	3,314,677	2,256,271	5,570,948	5,291,908
TOTAL LIABILITIES AND NET POSITION	\$ 3,481,571	\$ 2,329,271	\$ 5,810,842	\$ 5,564,903

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	CITY SERVICES	EMPLOYEE BENEFIT	TOTALS MEMORANDUM ONLY	
			2018	2017
OPERATING REVENUES				
CHARGES FOR SERVICES	\$ 1,216,796	\$ 1,311,142	\$ 2,527,938	\$ 2,388,335
OPERATING EXPENSES				
PERSONAL SERVICES, MATERIALS AND SUPPLIES	935,798	1,095,705	2,031,503	2,123,761
DEPRECIATION	225,978	-	225,978	237,231
TOTAL OPERATING EXPENSES	1,161,776	1,095,705	2,257,481	2,360,992
OPERATING INCOME	55,020	215,437	270,457	27,343
NONOPERATING REVENUES (EXPENSES)				
INTEREST INCOME	9,080	948	10,028	8,534
RENT AND OTHER	(1,445)	-	(1,445)	325
TOTAL NONOPERATING REVENUES (EXPENSES)	7,635	948	8,583	8,859
CHANGE IN NET POSITION	62,655	216,385	279,040	36,202
NET POSITION JANUARY 1	3,252,022	2,039,886	5,291,908	5,255,706
NET POSITION DECEMBER 31	\$ 3,314,677	\$ 2,256,271	\$ 5,570,948	\$ 5,291,908

CITY OF LA JUNTA, COLORADO

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	CITY SERVICES	EMPLOYEE BENEFIT	TOTALS MEMORANDUM ONLY	
			2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM CUSTOMERS	\$ 1,215,281	\$ 1,201,750	\$ 2,417,031	\$ 2,389,400
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(921,385)	(1,167,703)	(2,089,088)	(2,152,754)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	293,896	34,047	327,943	236,646
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION OF CAPITAL ASSETS	(403,718)	-	(403,718)	(291,778)
SALE OF ASSETS	-	-	-	325
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(403,718)	-	(403,718)	(291,453)
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST ON INVESTMENTS	9,547	948	10,495	8,257
NET CHANGE IN CASH AND CASH EQUIVALENTS	(100,275)	34,995	(65,280)	(46,550)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,895,050	2,184,859	4,079,909	4,126,459
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 1,794,775	\$ 2,219,854	\$ 4,014,629	\$ 4,079,909
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 55,020	\$ 215,437	\$ 270,457	\$ 27,343
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	225,978	-	225,978	237,231
CHANGE IN ASSETS AND LIABILITIES				
(INCREASE) DECREASE IN RECEIVABLES	(1,010)	(109,390)	(110,400)	1,065
(INCREASE) DECREASE IN INVENTORIES	6,717	-	6,717	(21,619)
(INCREASE) DECREASE IN PREPAIDS	(505)	-	(505)	-
INCREASE (DECREASE) IN PAYABLES	2,916	(72,000)	(69,084)	(10,630)
INCREASE (DECREASE) IN ACCRUED BENEFITS	4,780	-	4,780	3,256
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 293,896	\$ 34,047	\$ 327,943	\$ 236,646
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES				
EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE	\$ 31,206	\$ -	\$ 31,206	\$ -

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 1,794,775	\$ 1,895,050
ACCOUNTS RECEIVABLE	5,515	4,505
ACCRUED INTEREST	710	1,179
INVENTORIES	42,453	49,170
PREPAIDS	505	-
	<u>1,843,958</u>	<u>1,949,904</u>
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
LAND	50,000	50,000
EQUIPMENT	3,357,793	3,112,498
STRUCTURES AND IMPROVEMENTS	1,725,523	1,602,227
ACCUMULATED DEPRECIATION	<u>(3,495,703)</u>	<u>(3,334,612)</u>
	<u>1,637,613</u>	<u>1,430,113</u>
NET PROPERTY AND EQUIPMENT		
TOTAL ASSETS	<u>\$ 3,481,571</u>	<u>\$ 3,380,017</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 40,968	\$ 6,849
NONCURRENT LIABILITIES		
ACCRUED SICK LEAVE AND VACATION PAY	<u>125,926</u>	<u>121,146</u>
TOTAL LIABILITIES	<u>166,894</u>	<u>127,995</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	1,637,613	1,430,113
UNRESTRICTED	<u>1,677,064</u>	<u>1,821,909</u>
TOTAL NET POSITION	<u>3,314,677</u>	<u>3,252,022</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,481,571</u>	<u>\$ 3,380,017</u>

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
MAINTENANCE SERVICES AND RENTALS	\$ 845,296	\$ 740,734
PURCHASING DEPARTMENT	227,000	225,100
COMPUTER SERVICES	144,500	128,200
	<u>1,216,796</u>	<u>1,094,034</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
MOTOR POOL SERVICES	631,023	565,375
PURCHASING DEPARTMENT	182,889	197,075
COMPUTER SUPPLIES AND TRAINING	121,886	117,279
DEPRECIATION	225,978	237,231
	<u>1,161,776</u>	<u>1,116,960</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>55,020</u>	<u>(22,926)</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST INCOME	9,080	7,609
GAIN (LOSS) ON SALE OF ASSETS	(1,445)	325
	<u>7,635</u>	<u>7,934</u>
TOTAL NONOPERATING REVENUES		
CHANGE IN NET POSITION	62,655	(14,992)
NET POSITION JANUARY 1	<u>3,252,022</u>	<u>3,267,014</u>
NET POSITION DECEMBER 31	<u>\$ 3,314,677</u>	<u>\$ 3,252,022</u>

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,215,281	\$ 1,095,099
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	<u>(921,385)</u>	<u>(902,722)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>293,896</u>	<u>192,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(403,718)	(291,778)
SALE OF ASSETS	<u>-</u>	<u>325</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(403,718)</u>	<u>(291,453)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	<u>9,547</u>	<u>7,350</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(100,275)	(91,726)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>1,895,050</u>	<u>1,986,776</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u><u>\$ 1,794,775</u></u>	<u><u>\$ 1,895,050</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 55,020	\$ (22,926)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	225,978	237,231
CHANGE IN ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(1,010)	1,065
(INCREASE) DECREASE IN INVENTORIES	6,717	(21,619)
(INCREASE) DECREASE IN PREPAIDS	(505)	-
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	2,916	(4,630)
INCREASE (DECREASE) IN ACCRUED BENEFITS	<u>4,780</u>	<u>3,256</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 293,896</u></u>	<u><u>\$ 192,377</u></u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
EQUIPMENT ACQUISITIONS IN ACCOUNTS PAYABLE	<u><u>\$ 31,206</u></u>	<u><u>\$ -</u></u>

CITY OF LA JUNTA, COLORADO

CITY SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGET COMPARISON

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
MAINTENANCE SERVICES	\$ 850,300	\$ 850,300	\$ 845,296	\$ (5,004)
PURCHASING DEPARTMENT	226,900	226,900	227,000	100
COMPUTER RENTAL	144,500	144,500	144,500	-
INTEREST	2,000	2,000	9,080	7,080
OTHER	10,000	27,700	(1,445)	(29,145)
TOTAL REVENUES	<u>1,233,700</u>	<u>1,251,400</u>	<u>1,224,431</u>	<u>(26,969)</u>
EXPENDITURES				
MOTOR POOL SERVICES	653,800	733,800	631,020	102,780
PURCHASING DEPARTMENT	196,250	196,250	182,892	13,358
COMPUTER SUPPLIES AND TRAINING	129,500	129,500	121,886	7,614
DEPRECIATION	280,000	280,000	225,978	54,022
CAPITAL OUTLAY	561,300	599,000	434,924	164,076
TOTAL EXPENDITURES	<u>1,820,850</u>	<u>1,938,550</u>	<u>1,596,700</u>	<u>341,850</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(587,150)</u>	<u>(687,150)</u>	(372,269)	<u>314,881</u>
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS ADJUSTMENT FOR CAPITALIZATION OF FIXED ASSETS			<u>434,924</u>	
CHANGE IN NET POSITION			62,655	
TOTAL NET POSITION JANUARY 1			<u>3,252,022</u>	
TOTAL NET POSITION DECEMBER 31			<u>\$ 3,314,677</u>	

CITY OF LA JUNTA, COLORADO
EMPLOYEE BENEFIT CLAIM FUND
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 2,219,854	\$ 2,184,859
ACCOUNTS RECEIVABLE	109,390	-
ACCRUED INTEREST RECEIVABLE	27	27
TOTAL CURRENT ASSETS	\$ 2,329,271	\$ 2,184,886
 CURRENT LIABILITIES		
CLAIMS PAYABLE	\$ 73,000	\$ 145,000
 NET POSITION		
UNRESTRICTED	2,256,271	2,039,886
TOTAL LIABILITIES AND NET POSITION	\$ 2,329,271	\$ 2,184,886

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES-PREMIUMS	<u>\$ 1,311,142</u>	<u>\$ 1,294,301</u>
OPERATING EXPENSES		
INSURANCE	428,930	395,794
CLAIMS	619,141	795,632
ADMINISTRATION	<u>47,634</u>	<u>52,606</u>
TOTAL OPERATING EXPENSES	<u>1,095,705</u>	<u>1,244,032</u>
OPERATING INCOME	215,437	50,269
NONOPERATING REVENUES		
INTEREST	<u>948</u>	<u>925</u>
CHANGE IN NET POSITION	216,385	51,194
NET POSITION JANUARY 1	<u>2,039,886</u>	<u>1,988,692</u>
NET POSITION DECEMBER 31	<u><u>\$ 2,256,271</u></u>	<u><u>\$ 2,039,886</u></u>

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,201,750	\$ 1,294,301
CASH PAYMENTS FOR PREMIUMS AND CLAIMS	<u>(1,167,703)</u>	<u>(1,250,032)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,047	44,269
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS	<u>948</u>	<u>907</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	34,995	45,176
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>2,184,859</u>	<u>2,139,683</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 2,219,854</u>	<u>\$ 2,184,859</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 215,437	\$ 50,269
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
CHANGE IN ASSETS AND LIABILITIES		
INCREASE (DECREASE) IN ACCOUNTS RECEIVABLE	(109,390)	(6,000)
INCREASE (DECREASE) IN CLAIMS PAYABLE	<u>(72,000)</u>	<u>(6,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 34,047</u>	<u>\$ 38,269</u>

CITY OF LA JUNTA, COLORADO

EMPLOYEE BENEFIT CLAIM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGET COMPARISON

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUES				
CHARGES FOR SERVICES-PREMIUMS	\$ 1,045,600	\$ 1,045,600	\$ 1,311,142	\$ 265,542
OPERATING EXPENSES				
INSURANCE	361,000	361,000	428,930	(67,930)
CLAIMS	500,000	500,000	619,141	(119,141)
ADMINISTRATION	52,500	52,500	47,634	4,866
TOTAL OPERATING EXPENSES	913,500	913,500	1,095,705	(182,205)
OPERATING INCOME (LOSS)	132,100	132,100	215,437	83,337
NONOPERATING REVENUES - INTEREST	500	500	948	448
CHANGE IN NET POSITION	132,600	132,600	216,385	83,785
NET POSITION JANUARY 1	2,039,886	2,039,886	2,039,886	-
NET POSITION DECEMBER 31	\$ 2,172,486	\$ 2,172,486	\$ 2,256,271	\$ 83,785

SINGLE AUDIT SECTION

CITY OF LA JUNTA, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

PROGRAM TITLE	Federal CFDA Number	Grant Number / Pass Through Number	Program Award Amount	Passed through to Subrecipients	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through the Colorado Department of Transportation					
Airport Improvement Program	20.106	3-08-035-012-2017	600,218	-	7,396
Public Transportation for Non Urbanized Areas	20.509	10-HTD-04478	71,020	-	<u>71,017</u>
Total U.S. Department of Transportation					<u>78,413</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Passed Through Colorado Water Resources and Power Development Authority:					
Capitalization Grants for Clean Water State Revolving Funds	66.458	W15A066	11,079,586	-	1,166,757
Capitalization Grants for Clean Water State Revolving Funds	66.458	W18F413	2,490,000	-	54,456
Total U.S. Environmental Protection Agency					<u>1,221,213</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u><u>\$ 1,299,626</u></u>

CITY OF LA JUNTA, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

NOTE -1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of La Junta, Colorado under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the City of La Junta, Colorado, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of La Junta, Colorado.

NOTE -2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE -3 INDIRECT COST RATES

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

NOTE -4 SUB-RECIPIENTS

No payments were made to sub-recipients in the fiscal year ended December 31, 2018.

HANCOCK FROESE & COMPANY LLC

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

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

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

To the City Council
City of La Junta, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of La Junta, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of La Junta, Colorado's basic financial statements and have issued our report thereon dated May 14, 2019.

Internal Control over Financial Reporting

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

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

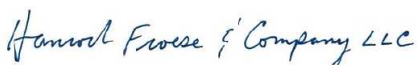
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Hancock Froese & Company LLC

Rocky Ford, Colorado
May 14, 2019

HANCOCK FROESE & COMPANY LLC

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

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

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

To the City Council
City of La Junta, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Hancock Froese & Company LLC

Hancock Froese & Company LLC

Rocky Ford, Colorado

May 14, 2019

CITY OF LA JUNTA, COLORADO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

I. Summary of Audit Results

A. Financial Statements

- Type of auditors' report issued: Unmodified
- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:
 - Are any material weaknesses identified? ___ Yes X No
 - Are any significant deficiencies identified? ___ Yes X No
 - Is any noncompliance material to financial statements noted? ___ Yes X No

B. Federal Awards

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

CFDA Number	Name of Federal Program or Cluster	Grant Number	Expenditures
66.458	Capitalization Grants for Clean Water State Revolving Funds	W15A066	\$ 1,166,757
66.458	Capitalization Grants for Clean Water State Revolving Funds	W18F413	\$ 54,456

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

II. Financial Statement Findings

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

III. Federal Award Findings and Questioned Costs

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

IV. Prior Year Findings

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

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT	City or County: La Junta
	YEAR ENDING : Dec-18

This Information From The Records Of (example - City of _ or County of City of La Junta, CO)	Prepared By: Darren Adame Phone: 719-384-5991
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	388,101
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	46,477
2. General fund appropriations	807,479	b. Snow and ice removal	11,385
3. Other local imposts (from page 2)	90,757	c. Other	209,466
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	267,328
5. Transfers from toll facilities		4. General administration & miscellaneous	68,528
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	416,322
a. Bonds - Original Issues		6. Total (1 through 5)	1,140,279
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	898,236	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	242,043	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,140,279	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,140,279

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
	0	1,140,279	1,140,279	0	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy):
	Dec-18

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other	90,757	g. Other Misc. Receipts	
6. Total (1. through 5.)	90,757	h. Other	
c. Total (a. + b.)	90,757	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	217,091	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	24,952	d. Federal Transit Admin	
d. Other (DOLA)	-	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	24,952	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	242,043	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: