

cPa DIXON, WALLER & CO., INC.

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CITY OF TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2018

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS  
December 31, 2018

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trinidad, 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. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension data on pages i through ix, 47 through 49 and 50 through 56 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 City of Trinidad's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, state required schedules 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.

*Scipio, Waller & Co., Inc.*

July 8, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Trinidad's (the City) financial performance provides an annual overview of the City's financial activities for the fiscal year ended December 31, 2018.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2018 by \$78,127,158 (Net Position). Of this amount, \$20,367,194 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2018, the City's Governmental Funds reported combined ending fund balances of \$16,201,387. Approximately 55% of this total amount or \$8,951,084 is unassigned.
- The General Fund, presented on a current financial resources basis, reports a Fund Balance of \$10,185,847 at the end of the current fiscal year, or 87% of total General Fund expenditures.
- The City's total bond and capital lease debt was \$5,297,186 at the close of 2018.
- The City implemented GASB 68 in 2015 which reports the employer/employee net pension asset and net pension liability in the City's financial statements. Under GASB 68, the City's net pension position of its police and fire employee plans is held by both a Cost Sharing Multiple-Employer Defined Benefit Pension Plan and an Agent Multiple-Employer Defined Benefit Plan. For 2018 the City reported a net pension asset of \$392,694 and a net pension liability of \$373,024.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the City's Net Position changed during 2018. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

The Trinidad Urban Renewal Authority (TURA) is a component unit of the City of Trinidad. Since re-establishment in 2015, there has been little financial activity. The City provided \$100,000 in funding to TURA with none of this money being spent in 2018. Due to anticipated activity in 2019, an audit will be scheduled for Fiscal Year 2019 and for years to follow. In addition, the City Council approved establishment of the La Puerta Business Improvement District in 2018. There was no activity by this organization in 2018. Activity is anticipated to begin in 2019, and an audit will be scheduled for Fiscal Year 2019 and for years to follow.

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

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

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

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

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

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, Net Position may serve over time as a useful indicator of the government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$78,127,158 at the close of 2018 as compared to \$70,823,675 at the close of 2017.

The largest portion of the City’s Net Position (66%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects a condensed Statement of Net Position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current & Other Assets	\$ 16,391,979	\$ 18,796,895	\$ 15,608,338	\$ 20,391,694	\$ 32,000,317	\$ 39,188,589
Capital Assets	27,399,227	29,678,211	21,587,594	22,287,193	48,986,821	51,965,404
Total Assets	43,791,206	48,475,106	37,195,932	42,678,887	80,987,138	91,153,993
Deferred Outflows	543,254	524,776	-	-	543,254	524,776
Long-term Liabilities	923,332	3,795,612	705,057	5,113,573	1,628,389	8,909,185
Other Liabilities	5,327,003	1,122,019	1,958,653	2,078,752	7,285,656	3,200,771
Total Liabilities	6,250,335	4,917,631	2,663,710	7,192,325	8,914,045	12,109,956
Deferred Inflows	1,228,036	1,348,192	564,636	93,463	1,792,672	1,441,655
Net Position:						
Invested in Capital Assets, net of related debt	27,256,019	29,131,025	21,112,245	22,287,193	48,368,264	51,418,218
Restricted	6,359,206	6,341,746	373,349	-	6,732,555	6,341,746
Unrestricted	3,240,864	7,261,288	12,481,992	13,105,906	15,722,856	20,367,194
Total Net Position	\$ 36,856,089	\$ 42,734,059	\$ 33,967,586	\$ 35,393,099	\$ 70,823,675	\$ 78,127,158

The City's combined Net Position was \$78,127,158 at December 31, 2018 of which \$20,367,194 was unrestricted. However, a certain amount of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The Net Position of our business-type activities was \$35,393,099 at December 31, 2018. The Net Position is used to finance the continuing operations of the utilities.

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

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,001,677	\$ 941,438	\$ 15,233,881	\$ 15,396,332	\$ 16,235,558	\$ 16,337,770
Operating Capital Grants & Contributions	991,590	1,013,005	-	301,805	991,590	1,314,810
<b>General Revenues:</b>						
Property Taxes	3,000,688	1,135,185			3,000,688	1,135,185
Other Taxes	9,493,023	12,472,537			9,493,023	12,472,537
Intergovernmental Restricted	494,818	580,011			494,818	580,011
Intergovernmental not Restricted	120,486	95,855			120,486	95,855
Other Revenues	973,375	525,715			973,375	525,715
Lawsuit Settlement						
Investment Earnings	22,027	34,877	68,806	76,623	90,833	111,500
<b>Total Revenues</b>	<b>16,097,684</b>	<b>16,798,623</b>	<b>15,302,687</b>	<b>15,774,760</b>	<b>31,400,371</b>	<b>32,573,383</b>
<b>Expenses:</b>						
General Government	5,043,990	4,323,283	-	-	5,043,990	4,323,283
Public Safety	3,679,968	4,338,321	-	-	3,679,968	4,338,321
Public Works	2,545,995	1,575,179	-	-	2,545,995	1,575,179
Parks, Culture and Recreation	989,606	1,159,673	-	-	989,606	1,159,673
Community Projects	63,206	388,393	-	-	63,206	388,393
Interest on Long-term Debt	12,029	165	-	-	12,029	165
Pension Cost	(29,648)	(504,618)	-	-	(29,648)	(504,618)
Business-type	-	-	15,168,841	13,989,504	15,168,841	13,989,504
<b>Total Expenses</b>	<b>12,305,146</b>	<b>11,280,396</b>	<b>15,168,841</b>	<b>13,989,504</b>	<b>27,473,987</b>	<b>25,269,900</b>
Increase in Net Position before Transfers	3,792,538	5,518,227	133,846	1,785,256	3,926,384	7,303,483
Transfers	521,088	359,743	(521,088)	(359,743)	-	-
Increase in Net Position	4,313,626	5,877,970	(387,242)	1,425,513	3,926,384	7,303,483
Prior Period Adjustment	-	-				
Net Position - January 1	32,542,463	36,856,089	34,354,828	33,967,586	66,897,291	70,823,675
<b>Net Position - December 31</b>	<b>\$ 36,856,089</b>	<b>\$ 42,734,059</b>	<b>\$ 33,967,586</b>	<b>\$ 35,393,099</b>	<b>\$ 70,823,675</b>	<b>\$ 78,127,158</b>

Total City revenue was \$32.57 million and the total cost of all programs and services was \$25.27 million.

**Governmental Activities.** Revenues for governmental activities increased in 2018 to \$16.8 million, an increase of \$0.7 million from 2017 and expenses decreased to \$11.3 million or \$1.02 million less than 2017.

**Business-type Activities.** Operating revenues for business-type activities increased in 2018 to \$15.77 million, an increase of \$0.47 million from 2017 and expenses decreased to \$13.99 million or \$1.18 million less than 2017. The following table shows the total and net cost of services by function of the governmental activities of the City.

Cost of Services

	2017		2018	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 5,043,990	\$ 5,043,990	\$ 4,323,283	\$ 4,323,283
Public Safety	3,526,190	3,066,185	4,338,321	3,787,157
Public Works	2,545,995	2,065,144	1,575,179	1,249,621
Parks, Culture and Rec	989,606	928,785	1,159,673	1,086,137
Community Projects	63,206	(928,384)	388,393	(615,792)
Interest	12,029	12,029	165	165
Pension Cost	124,130	124,130	(504,618)	(504,618)
<b>Total</b>	<b>\$ 12,305,146</b>	<b>\$ 10,311,879</b>	<b>\$ 11,280,396</b>	<b>\$ 9,325,953</b>

**Financial Analysis of the Government Funds**

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

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

As of the end of 2018, the City's Governmental Funds reported total combined fund balances of \$16,201,387, of which approximately 39% (\$6,341,746) is restricted for Tabor Emergency Reserve, Parks & Recreation, and Capital Projects. Of the reserve fund balance, 1.2% is assigned to Tourism Promotion and the Library.

The General Fund is the chief operating fund of the City. At the end of 2018, the unassigned fund balance of the General Fund was \$8,951,084 while total fund balance was \$10,185,847. As a measure of the General Fund's liquidity, it may

be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 76.3% of total General Fund expenditures, while total fund balance represents 86.8% of that same amount.

The fund balance of the City's General Fund increased by \$2,038,453 in 2018. The increase was due primarily to sales and marijuana tax revenues and loan proceeds.

**Proprietary Funds** - The City's Proprietary Funds provide the same type of information found in the Government-wide financial statements, but in more detail. Unrestricted Net Position as of December 31, 2018 for the Proprietary Funds was as follows:

Unrestricted Net Position			
	2017	2018	Variance
Gas Utilities	\$ 5,050,193	\$ 5,636,417	\$ 586,224
Electric Utilities	1,981,645	1,692,743	(288,902)
Water Utilities	5,538,365	5,102,581	(435,784)
Sewer Utilities	(88,211)	674,165	762,376
Total	<u>\$ 12,481,992</u>	<u>\$ 13,105,906</u>	<u>\$ 623,914</u>

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

### **Budgetary Highlights**

The original 2018 appropriation ordinance totaled \$46,803,966, an increase of \$7,852,675 over 2017. During the year the budget was amended by \$1,093,604 increasing the appropriation to \$47,897,570. General Fund Revenue totals were \$377,433 more than the amended and approved 2018 budget. General Fund Expenditure totals were \$926,537 under the amended and approved 2018 budget.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of 2018, the City had \$51,965,404 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$2.98 million from 2017. \$2.4 million or 4.6% of the total amount of the net capital assets represents the retroactive recording of infrastructure assets capitalized from 1980 to 2002.

Capital Assets  
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land, Equity, Water Rights	\$ 1,287,078	\$ 1,320,278	\$ 2,057,628	\$ 2,029,056	\$ 3,344,706	\$ 3,349,334
Infrastructure	16,557,438	15,975,590	-	-	16,557,438	15,975,590
Buildings & Systems	6,691,168	6,822,691	18,733,483	18,009,816	25,424,651	24,832,507
Construction in Progress	940,200	3,097,090	185,297	1,693,597	1,125,497	4,790,687
Equipment & Vehicles	1,923,343	2,462,562	611,186	554,724	2,534,529	3,017,286
<b>Total Net Capital Assets</b>	<b>\$ 27,399,227</b>	<b>\$ 29,678,211</b>	<b>\$ 21,587,594</b>	<b>\$ 22,287,193</b>	<b>\$ 48,986,821</b>	<b>\$ 51,965,404</b>

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

The following schedule reflects the debt outstanding at the end of the 2018 year.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Note Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landfill Closure/Postclosure	3,530,490	2,014,632	-	-	3,530,490	2,014,632
Lease Purchases	50,208	547,186	-	-	50,208	547,186
Compensated Absences	995,768	981,808	705,057	548,018	1,700,825	1,529,826
Revenue Bonds	-	-	475,349	4,750,000	475,349	4,750,000
<b>Total Debt</b>	<b>\$ 4,576,466</b>	<b>\$ 3,543,626</b>	<b>\$ 1,180,406</b>	<b>\$ 5,298,018</b>	<b>\$ 5,756,872</b>	<b>\$ 8,841,644</b>

Net increase in debt for 2018 was \$3,084,772. The City financed \$4.75M for the Advanced Metering Infrastructure and Meter Data Management Systems to be completed in 2019. The City also financed a 2018 Spartan Ladder truck. A Cost Estimate for the Landfill Closure and Post-Closure Costs was updated in 2018 resulting in the costs for closure and post-closure to be reduced by \$1.5M. The final payment was issued on the 2009 Sewer Revenue Bonds as well. Debt due within the next year is \$305,493. Additional information on the City's debt can be found in the notes to the financial statements of this report.

### Economic Factors and Next Year's Budget and Rates

**Local Economy** – The City of Trinidad is the major southern gateway into Colorado on Interstate 25. Trinidad is the primary city and shopping destination for western Las Animas County residents for services such as health care, education, arts and entertainment and retail. Trinidad State Junior College has facilities located within the City providing excellent higher education opportunities.

Retail sales tax revenue, a key indicator of the consumer spending, is the primary source of income for the City. Trinidad's sales tax is generated from a variety of business categories including auto sales, tourism, grocery stores, repair shops and other various retail outlets. The City recorded a 9% increase in sales tax

revenue for 2018 as compared to 2017. Sales tax and lodging tax increases were due to a marked increase of economic activity centered on retail marijuana sales. We expect sales and lodging tax revenue to continue to increase in 2019.

The continuing decline of natural resource economic drivers such as coal mining and methane gas extraction will result in additional significant severance tax revenue drops in the ensuing years. The re-establishment of Evergreen Resources which bought out Pioneer Resources now has over 100 employees working to produce natural gas. Evergreen Resources is now producing over 1 million cubic feet of natural gas per year.

### **Fiscal Year 2019 Budget**

In December of 2018, the City adopted the 2019 annual operating budget, which provided \$51,149,275 in appropriations. This budget anticipated similar revenue receipts as budgeted in FY 2018. 2019 General Fund operating expenditures were budgeted \$0.5 million more than amended and approved 2018 budgeted amounts with \$2.1 million of anticipated marijuana sales tax revenues budgeted in expenditures for projects, debt service, and one-time expenses to be approved as presented to Council in 2019. Capital expenditures include the Space to Create project which will not begin until summer of 2019. This project will renovate a City block on Main Street and construct a separate building that together will provide forty-one live/work spaces for creatives and 20,000 square feet of public space. These projects will lead to an increase in one time spending due to the investment in infrastructure. \$1.5 million has been budgeted for ADA Compliance projects throughout the City. Major capital expenditures are planned for utilities, including the \$4.75 million Meter Infrastructure Upgrade Project and purchases of a new bucket truck for the Power & Light Department and a new dump truck for the Gas Department. \$2 million is budgeted for major sewer infrastructure upgrades as well.

### **Request for Information**

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

BASIC FINANCIAL STATEMENTS

CITY OF TRINIDAD, COLORADO  
STATEMENT OF NET POSITION  
December 31, 2018

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
Cash	14,929,946	14,799,060	29,729,006	163,136
Receivables (Net, where Applicable, of Allowance for Uncollectibles):				
Accounts, Grants & Notes	447,784	1,504,580	1,952,364	-
Assessments and Contracts	-	-	-	-
Sales & Use Taxes	1,803,332	-	1,803,332	-
Property Taxes	1,201,833	-	1,201,833	-
Due To/From Other Funds	-	-	-	-
Inventories	21,306	754,641	775,947	-
Prepaid Expenses	-	-	-	-
Restricted Assets:				
Cash	-	3,333,413	3,333,413	-
Fixed Assets (Net)	29,678,211	22,287,193	51,965,404	-
Net Pension Asset	392,694	-	392,694	-
<u>Total Assets</u>	<u>48,475,106</u>	<u>42,678,887</u>	<u>91,153,993</u>	<u>-</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pensions	524,776	-	524,776	-
Purchased Natural Gas Adjustment	-	-	-	-
<u>Total Deferred Outflows</u>	<u>524,776</u>	<u>-</u>	<u>524,776</u>	<u>-</u>
<b>LIABILITIES</b>				
Accrued Interest Payable	-	-	-	-
Accounts Payable	522,182	1,460,529	1,982,711	-
Accrued Wages & Benefits Payable	245,864	100,036	345,900	-
Other Liabilities	232,935	-	232,935	-
Liabilities Payable from Restricted Assets:				
Meter Deposits Payable	-	333,742	333,742	-
Noncurrent Liabilities:				
Due Within One Year	121,038	184,445	305,483	-
Due in More than One Year	426,148	4,565,555	4,991,703	-
Landfill Closure and Post-Closure Cost	2,014,632	-	2,014,632	-
Accrued Vacation & Sick Leave Payable	981,808	548,018	1,529,826	-
Net Pension Liability	373,024	-	373,024	-
<u>Total Liabilities</u>	<u>4,917,631</u>	<u>7,192,325</u>	<u>12,109,956</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Property Tax	1,201,833	-	1,201,833	-
Pension	146,359	-	146,359	-
Purchased Natural Gas Adjustment	-	93,463	93,463	-
<u>Total Deferred Inflows</u>	<u>1,348,192</u>	<u>93,463</u>	<u>1,441,655</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	29,131,025	22,287,193	51,418,218	-
Restricted for:				
Capital Projects	5,782,912	-	5,782,912	163,136
Debt Service	-	-	-	-
Parks and Recreation	75,834	-	75,834	-
Tabor Emergencies	483,000	-	483,000	-
Unrestricted	7,261,288	13,105,906	20,367,194	-
<u>Total Net Position</u>	<u>42,734,059</u>	<u>35,393,099</u>	<u>78,127,158</u>	<u>163,136</u>

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

**CITY OF TRINIDAD, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total		
<b>Governmental Activities</b>									
General Government	4,323,283	-	-	-	(4,323,283)	-	(4,323,283)		
Public Safety	4,338,321	551,164	-	-	(3,787,157)	-	(3,787,157)		
Public Works	1,575,179	325,558	-	-	(1,249,621)	-	(1,249,621)		
Parks, Culture & Recreation	1,159,673	64,716	8,820	-	(1,086,137)	-	(1,086,137)		
Community Projects	388,393	-	-	1,004,185	615,792	-	615,792		
Interest on Long Term Debt	165	-	-	-	(165)	-	(165)		
Pension Cost	(504,618)	-	-	-	504,618	-	504,618		
<b>Total Governmental Activities</b>	<b>11,280,396</b>	<b>941,438</b>	<b>8,820</b>	<b>1,004,185</b>	<b>(9,325,953)</b>	<b>-</b>	<b>(9,325,953)</b>		
<b>Business Type Activities</b>									
Gas	2,315,687	3,219,771	-	-	-	904,084	904,084		
Power & Light	7,643,077	7,764,683	-	-	-	121,606	121,606		
Water	2,328,133	2,574,108	-	116,644	-	362,619	362,619		
Sewer	1,702,607	1,837,770	-	185,161	-	320,324	320,324		
<b>Total Business Type Activities</b>	<b>13,989,504</b>	<b>15,396,332</b>	<b>-</b>	<b>301,805</b>	<b>-</b>	<b>1,708,633</b>	<b>1,708,633</b>		
<b>Total Primary Government</b>	<b>25,269,900</b>	<b>16,337,770</b>	<b>8,820</b>	<b>1,305,990</b>	<b>(9,325,953)</b>	<b>1,708,633</b>	<b>(7,617,320)</b>		
<b>Component Unit</b>	<b>28,076</b>	<b>-</b>	<b>-</b>	<b>31,500</b>	<b>-</b>	<b>1,708,633</b>	<b>1,708,633</b>	<b>3,424</b>	
<b>General Revenues:</b>									
Property Taxes					1,135,185	-	1,135,185		
Specific Ownership Taxes					289,571	-	289,571		
Sales and Use Taxes					12,073,681	-	12,073,681		
Franchise Taxes					109,285	-	109,285		
Licenses and Permits					245,594	-	245,594		
Intergovernmental - Restricted					580,011	-	580,011	151,461	
Intergovernmental Not Specifically Restricted					95,855	-	95,855		
Insurance Proceeds					58,435	-	58,435		
Interest Revenue					34,877	76,623	111,500		
Other Revenues					221,686	-	221,686		
Transfers					359,743	(359,743)	-		
<b>Total General Revenues and Transfers</b>					<b>15,203,923</b>	<b>(283,120)</b>	<b>14,920,803</b>	<b>151,461</b>	
Change in Net Position					5,877,970	1,425,513	7,303,483	154,885	
Net Position - Beginning					36,856,089	33,967,586	70,823,675	8,251	
Net Position - Ending					<b>42,734,059</b>	<b>35,393,099</b>	<b>78,127,158</b>	<b>163,136</b>	

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

CITY OF TRINIDAD, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS:</u></b>				
Cash	9,321,690	5,407,753	200,503	14,929,946
Receivables (Net, of Allowance Where Applicable)				
Property Taxes	1,201,833	-	-	1,201,833
Accounts, Grants, Notes	205,779	233,185	8,820	447,784
Sales & Use Taxes	1,383,140	347,456	72,736	1,803,332
Due From Other Funds	-	-	-	-
Inventories at Cost	21,306	-	-	21,306
<b><u>Total Assets</u></b>	<b><u>12,133,748</u></b>	<b><u>5,988,394</u></b>	<b><u>282,059</u></b>	<b><u>18,404,201</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	356,239	120,035	45,908	522,182
Accrued Salaries & Benefits	242,341	-	3,523	245,864
Due To Other Funds	-	-	-	-
Other Payables	113,798	-	-	113,798
Unearned Revenue:				
Grants	33,690	85,447	-	119,137
Other	-	-	-	-
<b><u>Total Liabilities</u></b>	<b><u>746,068</u></b>	<b><u>205,482</u></b>	<b><u>49,431</u></b>	<b><u>1,000,981</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>				
Property Tax	1,201,833	-	-	1,201,833
<b><u>FUND BALANCES:</u></b>				
Nonspendable:				
Inventories	21,306	-	-	21,306
Prepaid Expense	-	-	-	-
Restricted:				
Emergencies	483,000	-	-	483,000
Capital Outlay	-	5,782,912	-	5,782,912
Parks and Recreation	-	-	75,834	75,834
Committed:				
Library	42,491	-	-	42,491
Landfill	687,966	-	-	687,966
Assigned:				
Tourism Promotion	-	-	156,794	156,794
Unassigned:	8,951,084	-	-	8,951,084
<b><u>Total Fund Balances</u></b>	<b><u>10,185,847</u></b>	<b><u>5,782,912</u></b>	<b><u>232,628</u></b>	<b><u>16,201,387</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>				
	<b><u>12,133,748</u></b>	<b><u>5,988,394</u></b>	<b><u>282,059</u></b>	<b><u>18,404,201</u></b>

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

CITY OF TRINIDAD, COLORADO  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	16,201,387
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$60,764,806 and the accumulated depreciation is \$31,086,595.	29,678,211
Long-term liabilities, including leases, landfill closure and post-closure costs and net pension obligation are not due and payable in the current period and therefore are not reported in funds.	
Leases Payable	547,186
Landfill Closure and Post-Closure Costs	<u>2,014,632</u>
	(2,561,818)
Compensated absences are not reported as a liability in the funds.	(981,808)
Pension assets, liabilities and deferred flows are not recorded at the fund level:	
Net Pension Asset	392,694
Net Pension Liability	(373,024)
Deferred Outflows	524,776
Deferred Inflows	<u>(146,359)</u>
	<u>398,087</u>
<u>Total Net Position – Governmental Activities</u>	<u>42,734,059</u>

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

CITY OF TRINIDAD, COLORADO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2018

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>				
Taxes	11,271,417	2,011,211	325,094	13,607,722
Licenses and Permits	245,594	-	-	245,594
Intergovernmental Revenues	594,286	1,004,185	90,400	1,688,871
Charges for Services	941,438	-	-	941,438
Fines and Forfeits	28,328	-	-	28,328
Miscellaneous Revenues	<u>217,670</u>	<u>10,636</u>	<u>370</u>	<u>228,676</u>
<u>Total Revenues</u>	<u>13,298,733</u>	<u>3,026,032</u>	<u>415,864</u>	<u>16,740,629</u>
<u>EXPENDITURES:</u>				
General Government	3,904,455	-	300,843	4,205,298
Public Safety	4,115,361	-	-	4,115,361
Public Works	2,045,820	-	-	2,045,820
Culture and Recreation	679,945	-	85,904	765,849
Capital Lease Payments	-	-	-	-
Capital Outlay/Capital Projects	<u>983,465</u>	<u>3,490,090</u>	<u>-</u>	<u>4,473,555</u>
<u>Total Expenditures</u>	<u>11,729,046</u>	<u>3,490,090</u>	<u>386,747</u>	<u>15,605,883</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>1,569,687</u>	<u>(464,058)</u>	<u>29,117</u>	<u>1,134,746</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	1,213,680	434,568	-	1,648,248
Transfers Out	(1,253,518)	(34,987)	-	(1,288,505)
Insurance Proceeds	-	58,435	-	58,435
Proceeds of Lease	<u>508,604</u>	<u>-</u>	<u>-</u>	<u>508,604</u>
<u>Total Other Financing Sources (Uses)</u>	<u>468,766</u>	<u>458,016</u>	<u>-</u>	<u>926,782</u>
<u>NET CHANGE IN FUND BALANCES</u>	2,038,453	(6,042)	29,117	2,061,528
<u>FUND BALANCES – Beginning</u>	<u>8,147,394</u>	<u>5,788,954</u>	<u>203,511</u>	<u>14,139,859</u>
<u>FUND BALANCES - Ending</u>	<u>10,185,847</u>	<u>5,782,912</u>	<u>232,628</u>	<u>16,201,387</u>

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

CITY OF TRINIDAD, COLORADO  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2018

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

Net Change in Fund Balances – Total Governmental Funds 2,061,528

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

Capital outlays more than \$5,000	4,085,162	
Gain or loss on disposition	(441)	
Depreciation expense	<u>(1,805,737)</u>	2,278,984

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

Lease proceeds	(508,604)	
Repayment of debt principal	11,626	
Interest expense	<u>—</u>	(496,978)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. 13,960

In the statement of activities landfill closure costs are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, landfill closure cost changed by this amount. 1,515,858

In the statement of activities net pension liabilities are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, changes to net pension amounts and the related deferred flows created this difference from the fund financial statements: 504,618

Change in Net Position of Governmental Activities 5,877,970

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

CITY OF TRINIDAD, COLORADO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018

	Business Type Activities				Totals
	Enterprise Funds				
	<u>Gas</u> <u>Fund</u>	<u>Power</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	6,467,048	3,241,018	4,819,002	271,992	14,799,060
Receivables:					
Accounts	423,300	659,454	145,292	133,046	1,361,092
Notes	-	-	24,192	-	24,192
Grants and Other	-	-	118,008	1,288	119,296
Inventories	68,131	452,477	223,264	10,769	754,641
Due From Other Funds	214,165	-	-	-	214,165
Prepaid Expenses	-	-	-	-	-
<u>Total Current Assets</u>	<u>7,172,644</u>	<u>4,352,949</u>	<u>5,329,758</u>	<u>417,095</u>	<u>17,272,446</u>
<b>Non Current Assets</b>					
<b>Restricted</b>					
Cash	308,039	431,151	2,216,500	377,723	3,333,413
Due From Other Funds	-	-	-	-	-
<u>Total Restricted Assets</u>	<u>308,039</u>	<u>431,151</u>	<u>2,216,500</u>	<u>377,723</u>	<u>3,333,413</u>
<b>Property, Plant and Equipment</b>					
Equity ARPA	-	428,572	-	-	428,572
Land and Water Rights	9,412	21,047	1,423,255	146,770	1,600,484
Buildings & Improvements	916,203	4,692,926	6,605,415	7,481,345	19,695,889
Utility System	1,245,561	1,148,687	18,853,148	3,050,971	24,298,367
Equipment	623,447	1,187,053	948,721	897,921	3,657,142
Construction in Progress	130,482	71,875	1,071,478	419,762	1,693,597
Less Accumulated Depreciation	(2,209,229)	(6,638,672)	(14,331,276)	(5,907,681)	(29,086,858)
<u>Net Property, Plant &amp; Equipment</u>	<u>715,876</u>	<u>911,488</u>	<u>14,570,741</u>	<u>6,089,088</u>	<u>22,287,193</u>
<b>TOTAL ASSETS</b>	<b><u>8,196,559</u></b>	<b><u>5,695,588</u></b>	<b><u>22,116,999</u></b>	<b><u>6,883,906</u></b>	<b><u>42,893,052</u></b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Purchased Natural Gas Adjustment	-	-	-	-	-

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

CITY OF TRINIDAD, COLORADO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018

	Business Type Activities				Total
	Enterprise Funds				
	Gas Fund	Power Fund	Water Fund	Sewer Fund	
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	446,747	675,714	222,756	115,312	1,460,529
Accrued Interest Payable	-	-	-	-	-
Accrued Wages & Benefits Payable	19,584	44,030	31,081	5,341	100,036
Unearned Revenue	-	-	-	-	-
Due To Other Funds	-	214,165	-	-	214,165
Note Payable - Current	-	-	-	-	-
Lease Payable	<u>38,370</u>	<u>67,807</u>	<u>78,268</u>	<u>-</u>	<u>184,445</u>
<b>Total Current Liabilities</b>	<u>504,701</u>	<u>1,001,716</u>	<u>332,105</u>	<u>120,653</u>	<u>1,959,175</u>
<b>Current Liabilities Payable from Restricted Assets</b>					
Meter Deposits Payable	174,535	129,983	29,224	-	333,742
Interest Payable	-	-	-	-	-
Due To Other Funds	-	-	-	-	-
<b>Total Restricted Liabilities</b>	<u>174,535</u>	<u>129,983</u>	<u>29,224</u>	<u>-</u>	<u>333,742</u>
<b>Noncurrent Liabilities</b>					
Accrued Vacation & Sick Leave Payable	121,790	281,232	144,996	-	548,018
Lease Payable	<u>949,777</u>	<u>1,678,426</u>	<u>1,937,352</u>	<u>-</u>	<u>4,565,555</u>
<b>Total Long-Term Liabilities</b>	<u>1,071,567</u>	<u>1,959,658</u>	<u>2,082,348</u>	<u>-</u>	<u>5,113,573</u>
<b>TOTAL LIABILITIES</b>	<u>1,750,803</u>	<u>3,091,357</u>	<u>2,443,677</u>	<u>120,653</u>	<u>7,406,490</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Purchased Natural Gas Adjustment	<u>93,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,463</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets Unrestricted	715,876	911,488	14,570,741	6,089,088	22,287,193
	<u>5,636,417</u>	<u>1,692,743</u>	<u>5,102,581</u>	<u>674,165</u>	<u>13,105,906</u>
<b>TOTAL NET POSITION</b>	<u>6,352,293</u>	<u>2,604,231</u>	<u>19,673,322</u>	<u>6,763,253</u>	<u>35,393,099</u>

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

CITY OF TRINIDAD, COLORADO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended December 31, 2018

	Business Type Activities				Total
	Enterprise Funds				
	<u>Gas</u> <u>Fund</u>	<u>Power</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	
<u>Operating Revenues</u>					
Charges for Utility Sales	3,218,883	7,741,243	2,272,186	1,818,959	15,051,271
Other	888	23,440	301,922	18,811	345,061
<u>Total Operating Revenues</u>	<u>3,219,771</u>	<u>7,764,683</u>	<u>2,574,108</u>	<u>1,837,770</u>	<u>15,396,332</u>
<u>Operating Expenses</u>					
Personal Services	625,718	1,256,095	890,727	152,625	2,925,165
Purchased Services	28,445	18,826	88,675	1,223,819	1,359,765
Supplies and Materials	15,103	30,078	114,686	2,705	162,572
Power & Utilities	1,425,926	6,002,376	167,435	-	7,595,737
Maintenance and Repair	58,504	91,174	367,475	35,035	552,188
Depreciation/Amortization	43,275	86,982	512,899	251,772	894,928
Bad Debts	20,183	59,729	11,669	14,931	106,512
Other	98,533	97,817	174,567	10,046	380,963
<u>Total Operating Expenses</u>	<u>2,315,687</u>	<u>7,643,077</u>	<u>2,328,133</u>	<u>1,690,933</u>	<u>13,977,830</u>
<u>Operating Income (Loss)</u>	<u>904,084</u>	<u>121,606</u>	<u>245,975</u>	<u>146,837</u>	<u>1,418,502</u>
<u>Non-Operating Revenues (Expenses)</u>					
Grants and Contributions	-	-	116,644	185,161	301,805
Interest Revenue	17,227	13,543	41,480	4,373	76,623
Interest Expense	-	-	-	(11,674)	(11,674)
<u>Total Non-Operating Revenues Expenses</u>	<u>17,227</u>	<u>13,543</u>	<u>158,124</u>	<u>177,860</u>	<u>366,754</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>921,311</u>	<u>135,149</u>	<u>404,099</u>	<u>324,697</u>	<u>1,785,256</u>
Operating Transfers In(Out)(Net)	(253,943)	(436,864)	(360,110)	691,174	(359,743)
<u>Change in Net Position</u>	<u>667,368</u>	<u>(301,715)</u>	<u>43,989</u>	<u>1,015,871</u>	<u>1,425,513</u>
<u>TOTAL NET POSITION, Beginning</u>	<u>5,684,925</u>	<u>2,905,946</u>	<u>19,629,333</u>	<u>5,747,382</u>	<u>33,967,586</u>
<u>TOTAL NET POSITION, Ending</u>	<u>6,352,293</u>	<u>2,604,231</u>	<u>19,673,322</u>	<u>6,763,253</u>	<u>35,393,099</u>

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

CITY OF TRINIDAD, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2018

	Business Type Activities				Total
	Enterprise Funds				
	Gas Fund	Power Fund	Water Fund	Sewer Fund	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Receipts from Customers & Users	3,123,076	7,703,549	2,471,945	1,854,610	15,153,180
Payments to Employees & Benefit Providers	(659,421)	(1,356,358)	(924,451)	(147,284)	(3,087,514)
Payments to Vendors – Supplies and Services	(2,056,236)	(6,170,332)	(759,773)	(1,156,145)	(10,142,486)
<b><u>NET CASH PROVIDED BY OPERATIONS</u></b>	<b><u>407,419</u></b>	<b><u>176,859</u></b>	<b><u>787,721</u></b>	<b><u>551,181</u></b>	<b><u>1,923,180</u></b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>					
Transfers – Other Funds	(253,943)	(436,864)	(360,110)	691,174	(359,743)
Customer Deposits	5,170	5,015	601	-	10,786
Due To/From Other Funds	(214,165)	214,165	-	-	-
<b><u>NET CASH PROVIDED (USED) – NON CAPITAL FINANCING</u></b>	<b><u>(462,938)</u></b>	<b><u>(217,684)</u></b>	<b><u>(359,509)</u></b>	<b><u>691,174</u></b>	<b><u>(348,957)</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Non-Financed Purchase of Property & Equipment	(124,420)	(74,169)	(992,672)	(403,267)	(1,594,528)
Disposition of Equipment	-	-	-	-	-
Grant and Contributions	-	-	116,644	185,161	301,805
Lease Purchase Proceeds	988,147	1,746,233	2,015,620	-	4,750,000
Interest Paid on Debt	-	-	-	(20,013)	(20,013)
Principal Paid on Debt	-	-	-	(475,349)	(475,349)
<b><u>NET CASH PROVIDED (USED) – CAPITAL FINANCING</u></b>	<b><u>863,727</u></b>	<b><u>1,672,064</u></b>	<b><u>1,139,592</u></b>	<b><u>(713,468)</u></b>	<b><u>2,961,915</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Interest Received	17,227	13,543	41,480	4,373	76,623
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>825,435</u></b>	<b><u>1,644,782</u></b>	<b><u>1,609,284</u></b>	<b><u>533,260</u></b>	<b><u>4,612,761</u></b>
<b><u>CASH AND CASH EQUIVALENTS – Beginning</u></b>	<b><u>5,949,652</u></b>	<b><u>2,027,387</u></b>	<b><u>5,426,218</u></b>	<b><u>116,455</u></b>	<b><u>13,519,712</u></b>
<b><u>CASH AND CASH EQUIVALENTS – Ending</u></b>	<b><u>6,775,087</u></b>	<b><u>3,672,169</u></b>	<b><u>7,035,502</u></b>	<b><u>649,715</u></b>	<b><u>18,132,473</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS</u></b>					
Operating Income (Loss)	904,084	121,606	245,975	146,837	1,418,502
Non Cash Items in Operations:					
Amortization/Depreciation Expense	43,275	86,982	512,899	251,772	894,928
Bad Debts	20,183	59,729	11,669	14,931	106,512
(Increase) Decrease in Inventory	7,149	(23,727)	1,798	1,008	(13,772)
(Increase) Decrease Receivables/Accruals	(116,877)	(61,134)	(102,163)	16,840	(263,334)
(Increase) Decrease Prepaid Expense	-	-	-	-	-
Increase (Decrease) in Payables/Accruals	20,778	(6,597)	117,543	119,793	251,517
Change in Purchased Natural Gas Adjustment	(471,173)	-	-	-	(471,173)
<b><u>NET CASH PROVIDED (USED) BY OPERATIONS</u></b>	<b><u>407,419</u></b>	<b><u>176,859</u></b>	<b><u>787,721</u></b>	<b><u>551,181</u></b>	<b><u>1,923,180</u></b>

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

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.    Reporting Entity

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

The reporting entity, for financial purposes, is defined as the primary government (the City of Trinidad) and its component units. The City has one discretely presented component unit.

Discretely presented component unit – Trinidad Urban Renewal Authority (TURA)

TURA was created as a separate legal entity by the City pursuant to the State Urban Renewal Law to acquire, clear, rehabilitate, conserve, develop or redevelop identified blighted areas existing within the City and to prevent future blight from developing. The Council appoints the TURA board of directors. Any project undertaken by TURA or amounts contributed by the City to TURA must receive prior approval by the City Council.

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

B.    Government – Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

The *sewer fund* accounts for the activities of the sewage disposal and treatment system.

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Ordinances require the City to adjust customers' gas bills for changes between estimated and actual costs of gas purchased. An over-recovery of \$93,463 for purchased natural gas adjustment was recorded at December 31, 2018.

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

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

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

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

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

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

E. Budgets and Budgetary Accounting

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

1. Prior to October 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Revisions were made in 2018.
5. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for Enterprise Funds are on a non GAAP basis.

F. Encumbrances

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

G. Inventory

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I.    Property Taxes

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

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

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

J.    Contraband

There were no contraband proceeds for the year ended December 31, 2018.

K.    Use of Estimates

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

L.    Deposits and Investments

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M.    Due To/From Funds

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

N.    Long-Term Obligations

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

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

O.    Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

P.    GASB Statement No. 54

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (Continued)

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

Order of Fund Balance Spending Policy

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P.    GASB Statement No. 54 (continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourism Fund</u>	<u>Lottery Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	21,306	-	-	-	21,306
<u>Restricted:</u>					
Emergencies	483,000	-	-	-	483,000
Capital Outlay	-	5,782,912	-	-	5,782,912
Parks and Recreation	-	-	-	75,834	75,834
<u>Committed:</u>					
Library	42,491	-	-	-	42,491
Landfill	687,966	-	-	-	687,966
<u>Assigned:</u>					
Tourism Promotion	-	-	156,794	-	156,794
<u>Unassigned</u>	<u>8,951,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,951,084</u>
<u>Total Fund Balances</u>	<u>10,185,847</u>	<u>5,782,912</u>	<u>156,794</u>	<u>75,834</u>	<u>16,201,387</u>

Q.    Pensions

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 2**    CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	1,245,585	-	-	-	1,245,585
Art	41,493	33,200	-	-	74,693
Construction in Progress	<u>940,200</u>	<u>2,156,890</u>	-	-	<u>3,097,090</u>
Total Capital Assets Not Being Depreciated	<u>2,227,278</u>	<u>2,190,090</u>	-	-	<u>4,417,368</u>
Capital Assets Being Depreciated:					
Buildings	13,836,782	458,207	-	-	14,294,989
Vehicles	2,739,086	768,953	90,494	7,233	3,424,778
Equipment	4,335,152	136,649	43,095	-	4,428,706
Infrastructure	<u>33,667,702</u>	<u>531,263</u>	-	-	<u>34,198,965</u>
Total Capital Assets Being Depreciated	<u>54,578,722</u>	<u>1,895,072</u>	<u>133,589</u>	<u>7,233</u>	<u>56,347,438</u>
Less Accumulated Depreciation for:					
Buildings	7,145,614	326,684	-	-	7,472,298
Vehicles	1,765,670	187,403	90,017	7,197	1,870,253
Equipment	3,385,225	178,539	43,095	-	3,520,669
Infrastructure	<u>17,110,264</u>	<u>1,113,111</u>	-	-	<u>18,223,375</u>
Total Accumulated Depreciation	<u>29,406,773</u>	<u>1,805,737</u>	<u>133,112</u>	<u>7,197</u>	<u>31,086,595</u>
Total Capital Assets Being Depreciated, Net	<u>25,171,949</u>	<u>89,335</u>	<u>447</u>	<u>36</u>	<u>25,260,843</u>
<u>Governmental Activities</u>					
Capital Assets, Net	<u>27,399,227</u>	<u>2,279,425</u>	<u>447</u>	<u>36</u>	<u>29,678,211</u>
<u>Business-Type Activities</u>					
Capital Assets Not Being Depreciated:					
Land, Equity, Water Rights	<u>2,057,628</u>	-	<u>28,572</u>	-	<u>2,029,056</u>
Capital Assets Being Depreciated:					
Buildings & Systems	43,939,423	20,447	-	34,386	43,994,256
Equipment	3,687,349	31,393	54,367	(7,233)	3,657,142
Construction In Progress	185,297	<u>1,542,686</u>	-	<u>(34,386)</u>	<u>1,693,597</u>
Total Capital Assets Being Depreciated	<u>47,812,069</u>	<u>1,594,526</u>	<u>54,367</u>	<u>(7,233)</u>	<u>49,344,995</u>
Less Accumulated Depreciation for:					
Buildings & Systems	25,205,940	778,500	-	-	25,984,440
Equipment	<u>3,076,162</u>	<u>87,856</u>	<u>54,367</u>	<u>(7,233)</u>	<u>3,102,418</u>
Total Accumulated Depreciation	<u>28,282,102</u>	<u>866,356</u>	<u>54,367</u>	<u>(7,233)</u>	<u>29,086,858</u>
<u>Business-Type Activities</u>					
Capital Assets, Net	<u>21,587,595</u>	<u>728,170</u>	<u>28,572</u>	-	<u>22,287,193</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

NOTE 2    CAPITAL ASSETS (Continued)

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

Governmental Activities:

General Government	143,736
Public Safety	222,960
Public Works	1,045,217
Parks and Recreation	<u>393,824</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>1,805,737</u>

Business-Type Activities:

Gas	43,275
Power	58,410
Water	512,899
Sewer	<u>251,772</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>866,356</u>

NOTE 3    CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt, Long-Term Liability activity for the year ended December 31, 2018, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Landfill Closure/Postclosure	3,530,490	-	1,515,858	2,014,632	-
Lease Purchases	50,208	508,604	11,626	547,186	121,038
Compensated Absences	<u>995,768</u>	-	<u>13,960</u>	<u>981,808</u>	-
	<u>4,576,466</u>	<u>508,604</u>	<u>1,541,444</u>	<u>3,543,626</u>	<u>121,038</u>
<u>Business – Type Activities</u>					
Sewer Revenue Bonds	475,349	-	475,349	-	-
Compensated Absences	705,057	-	157,039	548,018	-
Lease Purchases	-	4,750,000	-	4,750,000	184,455
	<u>1,180,406</u>	<u>4,750,000</u>	<u>632,388</u>	<u>5,298,018</u>	<u>184,455</u>

Loan/Revenue Bond – Sewer Construction

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

The debt was retired in 2018.

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

NOTE 3    CHANGES IN LONG-TERM DEBT (Continued)

Compensated Absences

Governmental Funds

Governmental fund compensated absences at December 31, 2018 were \$981,808. As explained in Note 1(H), this amount is not recorded in the governmental fund financial statements, but is reflected in the statement of net position.

Enterprise Funds

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

Power and Light Fund	281,232
Water Fund	144,996
Gas Fund	121,790
Sewer Fund	<u>          -</u>
<u>Total</u>	<u>548,018</u>

Lease Purchases Payable

At December 31, 2018 the City had the following capital leases for the purchase of equipment:

The City began payments for a capital lease to acquire phone equipment in 2017. The purchase was for \$60,367. Payments for the lease are monthly at an amount of \$1,156 and include interest at an imputed rate of 5%.

Future minimum payments follow:

	<u>Phone Equipment</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	12,222	1,652	13,874
2020	12,847	1,027	13,874
2021	<u>13,513</u>	<u>361</u>	<u>13,874</u>
Total Minimum Lease Payments	<u>38,582</u>	<u>3,040</u>	41,622
Less Amounts Representing Interest			<u>3,040</u>
Present Value of Future Minimum Lease Payments			<u>38,582</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

NOTE 3    CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable (Continued)

A pumper truck was acquired by capital lease on December 1, 2018. The payment amount is \$139,699 for 4 annual periods beginning December 1, 2019. The interest rate is 3.874%. The purchase was for \$508,604.

Future minimum payments follow:

	Pumper Truck		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	119,996	19,703	139,699
2020	124,645	15,054	139,699
2021	129,474	10,225	139,699
2022	<u>134,489</u>	<u>5,210</u>	<u>139,699</u>
Total Minimum Lease Payments	<u>508,604</u>	<u>50,192</u>	558,796
Less Amounts Representing Interest			<u>50,192</u>
Present Value of Future Minimum Lease Payments			<u>508,604</u>

Meter Project – A project to replace utility meters in the City was funded in late 2018 under a capital lease arrangement. \$4,750,000 was placed in a construction fund to complete the project and will be repaid by annual payments over 15 years ranging from \$222,157 to \$515,144. The payments begin on October 1, 2019 and include interest at a rate of 3.84%.

Future minimum payments follow:

	Meter Project		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	184,445	152,416	336,861
2020	149,084	175,317	324,401
2021	52,564	169,593	222,157
2022	277,975	167,574	445,549
2023	294,864	156,900	451,764
2024	302,498	145,578	448,076
2025	330,797	133,961	464,758
2026	340,290	121,258	461,548
2027	360,352	108,191	468,543
2028	228,705	94,354	323,059
2029	397,595	85,572	483,167
2030	420,506	70,304	490,810
2031	444,527	54,156	498,683
2032	469,704	37,087	506,791
2033	<u>496,094</u>	<u>19,050</u>	<u>515,144</u>
Total Minimum Lease Payments	<u>4,750,000</u>	<u>1,691,311</u>	6,441,311
Less Amounts Representing Interest			<u>1,691,311</u>
Present Value of Future Minimum Lease Payments			<u>4,750,000</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 3**    CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable (Continued)

A summary of all leases is provided below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	316,663	173,771	490,434
2020	286,576	191,398	477,974
2021	195,551	180,179	375,730
2022	412,464	172,784	585,248
2023	294,864	156,900	451,764
2024	302,498	145,578	448,076
2025	330,797	133,961	464,758
2026	340,290	121,258	461,548
2027	360,352	108,191	468,543
2028	228,705	94,354	323,059
2029	397,595	85,572	483,167
2030	420,506	70,304	490,810
2031	444,527	54,156	498,683
2032	469,704	37,087	506,791
2033	<u>496,094</u>	<u>19,050</u>	<u>515,144</u>
Total Minimum Lease Payments	<u>5,297,186</u>	<u>1,744,543</u>	7,041,729
Less Amounts Representing Interest			<u>1,744,543</u>
Present Value of Future Minimum Lease Payments			<u>5,297,186</u>

**NOTE 4**    DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN

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

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

Below is a summary of pension related items as of and for the year end December 31, 2018:

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Trinidad Old Hire Fire	312,528	-	(275,798)	94,750	33,336
Trinidad Old Hire Police	60,496	-	(11,832)	14,904	1,925
FPPA Statewide Hybrid Plan	-	220,754	(91,065)	173,682	39,876
FPPA Statewide Plan	<u>          </u>	<u>171,940</u>	<u>(125,923)</u>	<u>241,440</u>	<u>71,222</u>
Totals	<u>373,024</u>	<u>392,694</u>	<u>(504,618)</u>	<u>524,776</u>	<u>146,359</u>

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

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

***Fire & Police Statewide Hybrid Plan***

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

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

Employers may not withdraw from the Plan once affiliated.

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

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

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 4    DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (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. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2017 through June 30, 2018 was 14.8 percent. The Defined Benefit Component contribution rate from July 1, 2016 through June 30, 2017 was 13.5 percent.

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

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

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

Contributions to the Plan from the Department were \$18,664 for the year ended December 31, 2018.

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

At December 31, 2018, the Department reported a liability/(asset) of \$(220,754) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2017, the Department's proportion was 1.129 percent, which was a decrease of .26 percent from its proportion measured as of December 31, 2016.

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

For the year ended December 31, 2018, the Department recognized pension expense (reduction of expense) of \$(91,065). At December 31, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 100,425	\$ (15,739)
Changes in assumptions	4,626	-
Net difference between actual and projected earnings on pension plan investments	-	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	49,967	(24,137)
Department contributions subsequent to the measurement date	18,664	-
Total	\$ 173,682	\$ (39,876)

\$18,664 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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,	
2019	\$ 22,045
2020	21,525
2021	15,707
2022	13,515
2023	22,133
Thereafter	20,217

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

Mortality rates were based on the RP-2014 Generational Mortality Table with Blue Collar Adjustment projected with Scale BB, 55 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent, now 2.5 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.7%
Fixed Income	15%	3.0%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
<b>Total</b>	<b>100%</b>	

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

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

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

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

	<b>1.00% Decrease*</b>	<b>Current Discount Rate*</b>	<b>1.00% Increase*</b>
Department's proportionate share of the net pension liability/(asset)	(156,121)	(220,754)	(275,149)

\* The long-term rate of return used was 7.50 percent. The municipal bond rate used was 3.31 percent. The single discount rate for the plans was 7.50 percent.

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

***Fire & Police Statewide Defined Benefit Plan***

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

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

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

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 4    DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (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. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 9 percent and 8 percent of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

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

The contribution rate for members and employers of affiliated social security employers is 4.75 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.75 percent. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the Department were \$54,397 for the year ended December 31, 2018.

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

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

At December 31, 2018, the Department reported a liability/(asset) of \$(171,940) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2017, the Department's proportion was .11951 percent, which was an increase/(decrease) of (.0331) percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Department recognized pension expense of \$(125,923). At December 31, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 123,994	\$ (1,905)
Changes in assumptions	25,905	-
Net difference between actual and projected earnings on pension plan investments	-	(58,380)
Changes in proportion and differences between Department contributions and proportionate share of contributions	37,144	(10,937)
Department contributions subsequent to the measurement date	54,397	-
<b>Total</b>	<b>\$ 241,440</b>	<b>\$ (71,222)</b>

\$54,397 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

<b>Year ended December 31,</b>	
2019	\$ 23,196
2020	20,538
2021	(4,276)
2022	(13,478)
2023	21,090
Thereafter	68,751

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

*Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent, now 2.5 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
<b>Total</b>	<b>100%</b>	

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

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

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

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

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's proportionate share of the net pension liability/(asset)	(187,191)	(171,940)	(470,151)

\* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.31 percent. The single discount rate for the plans was 7.50 percent.

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

**Agent Multiple-Employer Defined Benefit Plans**

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

**Funding Policy.** The City is required to contribute to the Old Hire plans at an actuarially determined rate. Modification of the Old Hire plans is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contribution requirements require an affirmative vote of 65.00% of active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire and Police plans for the year ended December 31, 2018 were \$72,529 and \$13,070, respectively.

**Plan Membership.** The plan membership of the Old Hire plans as of December 31, 2017 is presented as follows:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>	<u>Total</u>
Retirees and beneficiaries	5	4	9
Inactive, non-retired beneficiaries	-	-	-
Active members	-	-	-
Total	<u>5</u>	<u>4</u>	<u>9</u>

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.** At December 31, 2018, the City reported a liability of \$312,528 and \$60,496 for the Old Hire fire and Old Hire Police plans, respectively, for the net pension liability related to the FPPA old hire plans. The net pension liabilities were measured as of December 31, 2017, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of January 1, 2016. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2017.

The components of the net pension liability of the City as of December 31, 2018, is presented below:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
Total pension liability	962,356	96,802
Fiduciary net position	<u>649,828</u>	<u>36,306</u>
Total	<u>312,528</u>	<u>60,496</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

For the year ended December 31, 2018, the City recognized \$(275,798) and \$(11,832) of pension expense for the Old Hire Fire and Old Hire Police plans, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the Old Hire Fire and Old Hire Police plans as of December 31, 2018, is presented below:

	Old Hire Fire		Old Hire Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-	-	-
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	22,221	33,336	1,834	1,925
Contributions subsequent to the measurement date	<u>72,529</u>	<u>-</u>	<u>13,070</u>	<u>-</u>
<b>Total</b>	<u>94,750</u>	<u>33,336</u>	<u>14,904</u>	<u>1,925</u>

The \$72,529 and \$13,070 reported by the Old Hire Fire and Old Hire Police plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in the following:

<u>Year</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
2019	1,918	369
2020	1,119	296
2021	(5,818)	(274)
2022	(8,334)	(482)
2023	-	-
Thereafter	<u>-</u>	<u>-</u>
<b>Total</b>	<u>(11,115)</u>	<u>(91)</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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

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

	<u>Old Hire Fire</u>			<u>Old Hire Police</u>		
	<u>Total</u> <u>Pension</u> <u>Liability</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net</u> <u>Position</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>	<u>Total</u> <u>Pension</u> <u>Liability</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net</u> <u>Position</u>	<u>Net</u> <u>Pension</u> <u>Liability</u>
<u>Balances as of</u>						
<u>January 1, 2018</u>	1,229,801	597,885	631,916	112,421	37,316	75,105
<b>Changes for the year:</b>						
Service Cost	-	-	-	-	-	-
Interest	88,397	-	88,397	7,783	-	7,783
Differences between expected and actual experience	(251,600)	-	(251,600)	(5,778)	-	(5,778)
Change of Assumptions	-	-	-	-	-	-
Contributions – Employer	-	72,529	(72,529)	-	13,070	(13,070)
Contributions – Employee	-	-	-	-	-	-
Net investment income	-	85,284	(85,284)	-	4,984	(4,984)
Benefit payments	(104,242)	(104,242)	-	(17,624)	(17,624)	-
Administrative expense	-	(1,628)	1,628	-	(1,440)	1,440
Other changes	-	-	-	-	-	-
<b>Total Net Changes</b>	<u>(267,445)</u>	<u>51,943</u>	<u>(319,388)</u>	<u>(15,619)</u>	<u>(1,010)</u>	<u>(14,609)</u>
<b>Balances as of</b>						
<u>December 31, 2018</u>	<u>962,356</u>	<u>649,828</u>	<u>312,528</u>	<u>96,802</u>	<u>36,306</u>	<u>60,496</u>

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

<u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Rate</u> <u>of Return</u>
Global equity	37.00%	8.33%
Equity long/short	9.00%	7.15%
Private Capital	24.00%	9.70%
Fixed Income	15.00%	3.00%
Absolute return	9.00%	6.46%
Managed futures	4.00%	6.85%
Cash	2.00%	2.26%
Total	<u>100.00%</u>	

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Old Hire Fire	Old Hire Police
Investment rate of return	7.50%	7.50%
Salary increases	n/a	n/a
Inflation	2.50%	2.50%

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB .

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

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

	1% Decrease 6.50%	Discount 7.50%	1% Increase 8.50%
Old Hire Fire net pension liability	387,104	312,528	247,070
Old Police Fire net pension liability	66,831	60,496	54,943

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

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

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

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 5    DEFINED CONTRIBUTION PLANS

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

- Colorado County Officials and Employees Retirement Association

Employees contribute 3% of their salary to the plan with an equal amount contributed by the City. Vesting occurs at the rate of 25% per year. City contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the City. Forfeitures were \$-0- during 2018 and pension expense was \$151,756. The City had no outstanding liability for this plan at year end.

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

The City contributes 8% for Police (to the employees 8%), of the employee's compensation to the plan. Policemen vest fully after 5 years of service. Contributions and earnings forfeited by participants are accumulated in a reserve fund available for plan expenses not to exceed \$10,000. The pension expense recognized by the City during 2018 was \$121,705. No liability existed at year end.

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

Employees contribute 3% of their salary to this plan which is matched equally by the City. Vesting occurs at the rate of 25% per year. City contributions for employees who leave employment before vesting are returned to the City. There were no forfeitures for the year ending December 31, 2018. Pension expense for that same period was \$3,260 and the City had no liability to the plan at December 31, 2018.

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

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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

All full-time police officers and firefighters are covered by the Fire and Police Pension Association (FPPA), a multiple-employer cost-sharing plan for pre-retirement death and disability. To date, contributions to the plan have been determined and budgeted by the State legislature. State law provided that these contributions would continue in diminishing amounts until 1994. The State requires employees hired on or after January 1, 1997, to contribute 2.6% of salary. The City pays the 2.6% for all affected police officers and firefighters. In 2018, the City paid \$47,463, equal to their required contribution.

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

NOTE 7      INTERGOVERNMENTAL AGREEMENT

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

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

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

Summary audited financial information as of December 31, 2017 follows:

Assets	<u>87,768,283</u>
Liabilities	33,977,576
Net Position	<u>53,790,707</u>
	<u>87,768,283</u>
Revenues	26,784,613
Expenditures	23,649,283
Distributions to Members (Credits to Members)	<u>(544,159)</u>
Increase (Decrease) in Net Position	<u>2,591,171</u>

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 8    CONTINGENCIES

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

NOTE 9    COMMITMENTS

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

NOTE 10   CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, The City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,014,632 reported in Long-Term Debt as landfill closure and postclosure care liability at December 31, 2018, represents the cumulative expense incurred to date based on the use of the existing facility and the requirements to close and monitor as the facility currently exists. The City will recognize a reduction in this liability to close due to the fact that usage at the site will be through vertical expansion and cover will be applied throughout the next 30 years of use. The estimate of cost for final closure is \$722,448 and cost for postclosure care is \$1,292,184. These amounts are based upon what it would cost to perform all closure and postclosure care in 2018. The City expects to close the landfill in the year 2049. Actual cost may be higher due to inflation, changes in technology or changes in regulations. No closure or post closure costs remain unrecognized. Increases and decreases in the liability are due to cost changes, technology changes and inflation and are recognized currently as changes to Long-Term Debt. Current closure benefits were recognized in the amount of \$1,686,854. Current postclosure costs were \$170,996.

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

NOTE 11   CASH

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

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

NOTE 11 CASH (Continued)

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Uninsured, Collateral held by Bank or its agent in City's name	31,992,017	32,896,744
<u>Sub-Total</u>	32,992,017	33,896,744
Plus Cash with County Treasurer	69,576	-
Plus Cash on Hand	826	-
<u>Net Cash</u>	<u>33,062,419</u>	<u>33,896,744</u>

Cash is comprised of \$29,729,006 of unrestricted cash and \$3,333,413 of restricted cash for a total of \$33,062,419.

As presented above, deposits with a bank balance of \$32,896,744 and a carrying balance of \$32,992,017 as of December 31, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the City to establish Emergency Reserves (see Note 14). \$483,000 of fund balance has been reserved in compliance with this requirement.

NOTE 12 INTERFUND RECEIVABLES AND PAYABLES

Interfund amounts are created as a result of pooling cash. They are expected to be repaid within a year. There are no interfund receivables or payables at year end.

CITY OF TRINIDAD, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 13     CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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

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

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

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

NOTE 14     RISK MANAGEMENT

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

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

NOTE 15     ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS

At December 31, 2018, the City has provided an allowance for estimated uncollectible utility billings of \$134,400. The receivables shown in the financial statements of the utility funds are net of this allowance.

NOTE 16     CAPITALIZED INTEREST

Net interest costs associated with the sewer revenue bond were capitalized during the construction period of the new sewer treatment facility as required by generally accepted accounting principles. There was no interest capitalized in 2018.

NOTE 17     RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
None		
<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	434,568
Capital Projects Fund	434,568	-
	<u>434,568</u>	<u>434,568</u>

CITY OF TRINIDAD, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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NOTE 18      INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	1,213,680	1,253,518
Gas	-	253,943
Power	-	436,864
Water	-	360,110
Sewer	691,174	-
Capital Project	<u>434,568</u>	<u>34,987</u>
	<u>2,339,422</u>	<u>2,339,422</u>

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

NOTE 19      INTERGOVERNMENTAL AGREEMENT

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

NOTE 20      ACCOUNTING AND REPORTING FOR ENTERPRISE FUND

Prior to 2016, the operations of the water department and the sewer department were recorded in the accounting records of the City (along with their associated assets, liabilities and net position) as separate funds. The financial reporting for each was separate to reflect that accounting. Beginning in 2016, the two activities were recorded and reported in a single enterprise fund. These funds were separated for financial reporting again beginning in 2018.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Pension Data

CITY OF TRINIDAD, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Taxes				
General Property	1,147,900	1,142,900	1,135,185	(7,715)
Specific Ownership	223,800	223,800	289,571	65,771
General Sales and Use	5,057,500	5,900,000	6,033,633	133,633
Selective Sales and Use	2,966,000	3,668,500	3,703,743	35,243
Franchise	92,500	92,500	109,285	16,785
Licenses and Permits				
Business	159,500	162,000	107,053	(54,947)
Building, Zoning and Paving Permits	71,500	71,500	129,433	57,933
Other	-	-	9,108	9,108
Intergovernmental Revenues				
State Shared Revenues	433,700	391,000	498,431	107,431
Other	25,000	67,700	95,855	28,155
Charges for Services				
Disposal Fees	385,000	385,000	325,558	(59,442)
Delinquent Assessment	92,000	92,000	86,557	(5,443)
Culture and Recreation	54,500	54,500	64,716	10,216
Security	480,000	509,500	464,607	(44,893)
Fines and Forfeits				
Court	28,500	28,500	28,328	(172)
Miscellaneous				
Earnings on Investments	18,000	18,000	26,717	8,717
Other	190,900	113,900	190,953	77,053
<b><u>TOTAL REVENUES</u></b>	<b><u>11,426,300</u></b>	<b><u>12,921,300</u></b>	<b><u>13,298,733</u></b>	<b><u>377,433</u></b>
<b><u>EXPENDITURES</u></b>				
<b><u>General Government</u></b>				
City Council	93,412	93,412	83,674	9,738
City Attorney	119,590	119,590	87,430	32,160
Municipal Court	72,618	72,618	72,693	(75)
City Manager	2,138,044	595,049	493,926	101,123
Information Technology	486,885	486,885	471,069	15,816
Finance	288,969	288,969	264,858	24,111
5% Tax Revenue Projects	-	1,542,995	562,728	980,267
Development Services	491,986	491,986	475,251	16,735
Other General and Administrative	584,346	787,686	615,684	172,002
Local Agencies Support	163,400	163,400	150,357	13,043
Facilities Services	299,038	299,038	304,659	(5,621)
Economic Development	275,818	275,818	322,126	(46,308)
<u>Total General Government</u>	<u>5,014,106</u>	<u>5,217,446</u>	<u>3,904,455</u>	<u>1,312,991</u>

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

CITY OF TRINIDAD, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Public Safety</u>				
Police	2,291,717	2,291,717	2,287,130	4,587
Dispatch	451,385	451,385	380,845	70,540
Fire	1,427,053	1,427,053	1,447,386	(20,333)
<u>Total Public Safety</u>	<u>4,170,155</u>	<u>4,170,155</u>	<u>4,115,361</u>	<u>54,794</u>
<u>Public Works</u>				
Engineering	190,072	190,072	187,606	2,466
Fleet Maintenance	308,853	308,853	353,144	(44,291)
Public Works	1,167,832	1,167,832	1,225,720	(57,888)
Landfill	266,039	266,039	279,350	(13,311)
<u>Total Public Works</u>	<u>1,932,796</u>	<u>1,932,796</u>	<u>2,045,820</u>	<u>(113,024)</u>
<u>Culture and Recreation</u>				
Sports and Recreation	408,829	408,829	421,207	(12,378)
Public Library	242,753	242,753	258,738	(15,985)
<u>Total Culture and Recreation</u>	<u>651,582</u>	<u>651,582</u>	<u>679,945</u>	<u>(28,363)</u>
<u>Capital Outlay, Debt Service</u>				
Capital Lease Payments	-	-	-	-
Fleet Replacement - General	175,000	175,000	85,710	89,290
Machinery and Equipment	-	508,604	897,755	(389,151)
<u>Total Capital Outlay</u>	<u>175,000</u>	<u>683,604</u>	<u>983,465</u>	<u>(299,861)</u>
<u>APPROPRIATED RESERVES</u>	<u>203,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL EXPENDITURES</u>	<u>12,146,979</u>	<u>12,655,583</u>	<u>11,729,046</u>	<u>926,537</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(720,679)</u>	<u>265,717</u>	<u>1,569,687</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	1,213,680	1,213,680	1,213,680	-
Operating Transfers Out	(868,518)	(1,253,518)	(1,253,518)	-
Lease Purchase Proceeds	-	508,604	508,604	-
<u>Total Other Financing Sources (Uses)</u>	<u>345,162</u>	<u>468,766</u>	<u>468,766</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(375,517)</u>	<u>734,483</u>	<u>2,038,453</u>	
<u>FUND BALANCE, January 1</u>	<u>7,291,001</u>	<u>7,291,001</u>	<u>8,147,394</u>	
<u>FUND BALANCE, December 31</u>	<u>6,915,484</u>	<u>8,025,484</u>	<u>10,185,847</u>	

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

CITY OF TRINIDAD, COLORADO  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales Taxes	1,685,000	1,970,000	2,011,211	41,211
Grants	4,831,469	4,831,469	1,004,185	(3,827,284)
Interest	6,886	6,886	8,080	1,194
Other	<u>5,572</u>	<u>5,572</u>	<u>2,556</u>	<u>(3,016)</u>
<u>Total Revenues</u>	<u>6,528,927</u>	<u>6,813,927</u>	<u>3,026,032</u>	<u>(3,787,895)</u>
<u>EXPENDITURES</u>				
Capital Projects	<u>11,655,214</u>	<u>11,655,214</u>	<u>3,490,090</u>	<u>8,165,124</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(5,126,287)</u>	<u>(4,841,287)</u>	<u>(464,058)</u>	
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	249,568	434,568	434,568	-
Operating Transfers (Out)	-	-	(34,987)	(34,987)
Insurance Proceeds	<u>-</u>	<u>-</u>	<u>58,435</u>	<u>58,435</u>
<u>Total Other Financing Sources (Uses)</u>	<u>249,568</u>	<u>434,568</u>	<u>458,016</u>	<u>23,448</u>
<u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>				
	<u>(4,876,719)</u>	<u>(4,406,719)</u>	<u>(6,042)</u>	
<u>FUND BALANCE – Beginning</u>				
	<u>5,514,854</u>	<u>5,514,854</u>	<u>5,788,954</u>	
<u>FUND BALANCE – Ending</u>				
	<u>638,135</u>	<u>1,108,135</u>	<u>5,782,912</u>	

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

PENSION DATA

CITY OF TRINIDAD, COLORADO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FPPA STATEWIDE HYBRID PLAN  
 Year Ended December 31, 2018

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

	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	1.1290%	1.3955%	1.3724%	1.3705%	1.1041%
Department's proportionate share of the net pension liability/(asset)	\$(220,754)	\$(151,899)	\$(139,809)	\$(162,540)	\$(115,618)
Department's covered-employee payroll	\$ 177,757	\$ 164,407	\$166,476	\$161,572	\$136,034
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	124.19%	92.4%	83.9%	100.6%	82.8%
Plan fiduciary net position as a percentage of the total pension liability	138.86%	125.79%	129.44%	140.6%	139%

**Schedule of Department Contributions  
 Fire & Police Statewide Hybrid Plan  
 As of December 31  
 [Build to 10 years prospectively]**

	2018	2017	2016	2015	2014
Contractually required contribution	\$18,664	\$17,263	\$17,480	\$16,965	\$14,248
Contributions in relation to the contractually required contribution	\$18,664	\$17,263	\$17,480	\$16,965	14,248
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Department's covered-employee payroll	\$177,756	\$164,407	\$166,476	\$161,573	\$136,034
Contributions as a percentage of covered-employee payroll	10.5%	10.5%	10.5%	10.5%	10.5%

**Notes to Required Supplementary Information  
 For the Year Ended December 31, 2018**

*Changes in plan provisions.* The plan provisions have not changed since the prior valuation. The rate for both employers and members must be at least 8% of the members base salary.

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

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

CITY OF TRINIDAD, COLORADO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FPPA STATEWIDE PLAN  
 Year Ended December 31, 2018

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

	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	.11951%	.1526%	.1468%	.1438%	.1395%
Department's proportionate share of the net pension liability/(asset)	\$(171,940)	\$55,142	\$(2,589)	\$(162,242)	\$(124,772)
Department's covered-employee payroll	\$609,801	\$568,978	\$621,778	\$568,414	\$514,585
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered-employee payroll	28.19%	7.69%	.004%	28.5%	24.2%
Plan fiduciary net position as a percentage of the total pension liability	106.3%	98.21%	100.1%	106.8%	105.8%

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

	2018	2017	2016	2015	2014
Contractually required contribution	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contributions in relation to the contractually required contribution	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Department's covered-employee payroll	\$609,801	\$568,978	\$621,778	\$568,414	\$514,585
Contributions as a percentage of covered-employee payroll	\$8.9%	8.9%	9.2%	9.1%	9.4%

**Notes to Required Supplementary Information**  
**for the Year Ended December 31, 2018**

*Changes in plan provisions.* The plan provisions have not changed since the prior valuation. The member contribution rate will increase annually to a total of 12% of base salary in 2022 as a result of the member election.

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

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

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

Measurement period ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	-	-	-	-
Interest on the Total Pension Liability	88,397	89,671	89,327	91,715
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	(251,600)	-	(57,783)	-
Assumption Changes	-	-	89,102	-
Benefit Payments	<u>(104,242)</u>	<u>(108,992)</u>	<u>(122,872)</u>	<u>(124,229)</u>
Net Change in Total Pension Liability	(267,445)	(19,321)	(2,226)	(32,514)
Total Pension Liability – Beginning	<u>1,229,801</u>	<u>1,249,122</u>	<u>1,251,348</u>	<u>1,283,862</u>
Total Pension Liability – Ending	<u>962,356</u>	<u>1,229,801</u>	<u>1,249,122</u>	<u>1,251,348</u>
Plan Fiduciary Net Position				
Employer Contributions	72,529	72,428	78,695	75,199
Employee Contributions	-	-	-	-
Pension Plan Net Investment Income	85,284	31,425	11,624	42,816
Benefit Payments	(104,242)	(108,992)	(122,872)	(124,229)
Pension Plan Administrative Expense	<u>(1,628)</u>	<u>(3,062)</u>	<u>(1,255)</u>	<u>(4,362)</u>
Net Change in Plan Fiduciary Net Position	51,943	(8,201)	(33,808)	(10,576)
Plan Fiduciary Net Position – Beginning	<u>597,885</u>	<u>606,086</u>	<u>639,894</u>	<u>650,470</u>
Plan Fiduciary Net Position – Ending	<u>649,828</u>	<u>597,885</u>	<u>606,086</u>	<u>639,894</u>
Net Pension Liability/(Asset) – Ending	312,528	631,916	643,036	611,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.52%	48.62%	48.52%	51.14%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

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

Measurement period ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	-	-	-	-
Interest on the Total Pension Liability	7,783	8,501	7,877	8,620
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	(5,778)	-	13,012	-
Assumption Changes	-	-	5,956	-
Benefit Payments	<u>(17,624)</u>	<u>(18,525)</u>	<u>(18,525)</u>	<u>(18,525)</u>
Net Change in Total Pension Liability	<u>(15,619)</u>	<u>(10,024)</u>	<u>8,320</u>	<u>(9,905)</u>
Total Pension Liability – Beginning	<u>112,421</u>	<u>122,445</u>	<u>114,125</u>	<u>124,030</u>
Total Pension Liability – Ending	<u>96,802</u>	<u>112,421</u>	<u>122,445</u>	<u>114,125</u>
Plan Fiduciary Net Position				
Employer Contributions	13,070	8,031	8,566	6,424
Employee Contributions	-	-	-	-
Pension Plan Net Investment Income	4,984	2,079	1,049	4,176
Benefit Payments	(17,624)	(18,525)	(18,525)	(18,525)
Pension Plan Administrative Expense	<u>(1,440)</u>	<u>(1,941)</u>	<u>(443)</u>	<u>(3,232)</u>
Net Change in Plan Fiduciary Net Position	<u>(1,010)</u>	<u>(10,356)</u>	<u>(9,353)</u>	<u>(11,157)</u>
Plan Fiduciary Net Position – Beginning	<u>37,316</u>	<u>47,672</u>	<u>57,025</u>	<u>68,182</u>
Plan Fiduciary Net Position – Ending	<u>36,306</u>	<u>37,316</u>	<u>47,672</u>	<u>57,025</u>
Net Pension Liability/(Asset) – Ending	60,496	75,105	74,773	57,100
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	37.50%	33.19%	38.93%	49.97%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

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

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<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2017	72,529	72,529	-	N/A	N/A
2016	72,529	72,529	-	N/A	N/A
2015	72,428	78,695	(6,267)	N/A	N/A
2014	75,199	75,199	-	N/A	N/A

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

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

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<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2017	13,070	13,070	-	N/A	N/A
2016	13,070	13,070	-	N/A	N/A
2015	8,031	8,566	(535)	N/A	N/A
2014	6,424	6,424	-	N/A	N/A

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

CITY OF TRINIDAD, COLORADO  
OLD HIRE FIRE AND OLD HIRE POLICE  
NOTES TO SCHEDULE OF CONTRIBUTIONS

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Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	9 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: RP-2014 combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2014 Disabled Mortality Table All tables projected with Scale AA.

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

FPPA SYSTEM DESCRIPTION

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

[http://www.fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20cafr.pdf](http://www.fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20cafr.pdf)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

## NON MAJOR GOVERNMENTAL FUNDS

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

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

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

CITY OF TRINIDAD, COLORADO  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2018

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>ASSETS</u>			
Cash	132,987	67,516	200,503
Accrued Interest	-	-	-
Tax Receivable	72,736	-	72,736
Grants Receivable	-	<u>8,820</u>	<u>8,820</u>
<u>Total Assets</u>	<u>205,723</u>	<u>76,336</u>	<u>282,059</u>
<u>LIABILITIES</u>			
Due To Other Funds	-	-	-
Accounts Payable	45,406	502	45,908
Accrued Salary & Benefits	<u>3,523</u>	-	<u>3,523</u>
<u>Total Liabilities</u>	<u>48,929</u>	<u>502</u>	<u>49,431</u>
<u>FUND BALANCES</u>			
Restricted:			
Parks and Recreation	-	75,834	75,834
Assigned:			
Tourism Promotion	<u>156,794</u>	-	<u>156,794</u>
<u>Total Fund Balances</u>	<u>156,794</u>	<u>75,834</u>	<u>232,628</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>205,723</u>	 <u>76,336</u>	 <u>282,059</u>

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

CITY OF TRINIDAD, COLORADO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2018

	<u>Special Revenue</u>		<u>Nonmajor Governmental Funds</u>
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>REVENUES</u>			
Lodger Tax	325,094	-	325,094
State Shared – Lottery	-	81,580	81,580
Grants	-	8,820	8,820
Interest	12	68	80
Other Revenue	290	-	290
<u>Total Revenues</u>	<u>325,396</u>	<u>90,468</u>	<u>415,864</u>
 <u>EXPENDITURES</u>			
Tourism Promotion	300,843	-	300,843
Parks and Recreation	-	85,904	85,904
Capital Projects	-	-	-
<u>Total Expenditures</u>	<u>300,843</u>	<u>85,904</u>	<u>386,747</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>24,553</u>	<u>4,564</u>	<u>29,117</u>
 <u>Other Financing Sources (Uses)</u>			
Transfers	-	-	-
Capital Lease Proceeds	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>24,553</u>	<u>4,564</u>	<u>29,117</u>
 <u>FUND BALANCE, January 1</u>	<u>132,241</u>	<u>71,270</u>	<u>203,511</u>
 <u>FUND BALANCE, December 31</u>	<u>156,794</u>	<u>75,834</u>	<u>232,628</u>

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

CITY OF TRINIDAD, COLORADO  
 TOURISM – SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Lodger Tax	268,000	318,000	325,094	7,094
Interest	12	12	12	-
Other	-	-	290	290
<u>Total Revenues</u>	<u>268,012</u>	<u>318,012</u>	<u>325,396</u>	<u>7,384</u>
 <u>EXPENDITURES</u>				
Tourism Promotion	<u>264,051</u>	<u>314,051</u>	<u>300,843</u>	<u>13,208</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>3,961</u>	<u>3,961</u>	<u>24,553</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	-	-	-	-
Capital Lease Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	<u>3,961</u>	<u>3,961</u>	<u>24,553</u>	
 <u>FUND BALANCE, January 1</u>	<u>80,406</u>	<u>80,406</u>	<u>132,241</u>	
<u>FUND BALANCE, December 31</u>	<u>84,367</u>	<u>84,367</u>	<u>156,794</u>	

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

CITY OF TRINIDAD, COLORADO  
 LOTTERY – SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Lottery – State Shared	81,000	81,000	81,580	580
Interest	85	85	68	(17)
Other Grants	-	-	<u>8,820</u>	<u>8,820</u>
<u>Total Revenues</u>	<u>81,085</u>	<u>81,085</u>	<u>90,468</u>	<u>9,383</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>99,500</u>	<u>99,500</u>	<u>85,904</u>	<u>13,596</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(18,415)	(18,415)	4,564	
<u>FUND BALANCE, January 1</u>	<u>63,489</u>	<u>63,489</u>	<u>71,270</u>	
<u>FUND BALANCE, December 31,</u>	<u>45,074</u>	<u>45,074</u>	<u>75,834</u>	

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

ENTERPRISE FUNDS – BUDGET SCHEDULES

CITY OF TRINIDAD, COLORADO  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP) AND ACTUAL  
GAS ENTERPRISE FUND  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	3,066,100	3,112,500	3,218,883	106,383
Other	<u>46,400</u>	<u>-</u>	<u>888</u>	<u>888</u>
<u>Total Operating Revenue</u>	<u>3,112,500</u>	<u>3,112,500</u>	<u>3,219,771</u>	<u>107,271</u>
<u>OPERATING EXPENSES</u>				
General Operations	947,484	947,484	813,032	134,452
Regulating Stations	7,000	7,000	-	7,000
Distribution Mains	101,117	101,117	83,268	17,849
Gas Purchases	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,419,387</u>	<u>380,613</u>
<u>Total Operating Expenses</u>	<u>2,855,601</u>	<u>2,855,601</u>	<u>2,315,687</u>	<u>539,914</u>
<u>OPERATING INCOME</u>	<u>256,899</u>	<u>256,899</u>	<u>904,084</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(670,000)	(670,000)	(124,420)	545,580
Lease Purchase Proceeds	-	1,236,459	988,147	(248,312)
Interest Income	<u>13,500</u>	<u>13,500</u>	<u>17,227</u>	<u>3,727</u>
<u>Total Other Revenues (Expenses)</u>	<u>(656,500)</u>	<u>579,959</u>	<u>880,954</u>	<u>300,995</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(399,601)</u>	<u>836,858</u>	<u>1,785,038</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	64,044	64,044	64,044	-
Operating Transfers (Out)	<u>(317,987)</u>	<u>(317,987)</u>	<u>(317,987)</u>	<u>-</u>
<u>Total Operating Transfers</u>	<u>(253,943)</u>	<u>(253,943)</u>	<u>(253,943)</u>	<u>-</u>
<u>NET INCOME (LOSS) – (NON GAAP)</u>	<u>(653,544)</u>	<u>582,915</u>	<u>1,531,095</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Lease Purchase Proceeds	-	(1,236,459)	(988,147)	
Capital Outlay	<u>670,000</u>	<u>670,000</u>	<u>124,420</u>	
<u>Total Reconciling Items</u>	<u>670,000</u>	<u>(566,459)</u>	<u>(863,727)</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	16,456	16,456	667,368	
<u>NET POSITION, Beginning</u>	<u>5,821,167</u>	<u>5,821,167</u>	<u>5,684,925</u>	
<u>NET POSITION, Ending</u>	<u>5,837,623</u>	<u>5,837,623</u>	<u>6,352,293</u>	

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

CITY OF TRINIDAD, COLORADO  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP) AND ACTUAL  
 POWER ENTERPRISE FUND  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	7,331,500	7,447,500	7,741,243	293,743
Other	<u>123,500</u>	<u>7,500</u>	<u>23,440</u>	<u>15,940</u>
<u>Total Operating Revenue</u>	<u>7,455,000</u>	<u>7,455,000</u>	<u>7,764,683</u>	<u>309,683</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,660,404	1,655,154	1,507,324	147,830
Purchased Power and Generation	5,600,000	5,750,000	5,981,990	(231,990)
Power Plant	41,917	41,917	44,863	(2,946)
Distribution Operations	104,900	104,900	77,949	26,951
Distribution System Maintenance	<u>17,250</u>	<u>22,500</u>	<u>30,951</u>	<u>(8,451)</u>
<u>Total Operating Expenses</u>	<u>7,424,471</u>	<u>7,574,471</u>	<u>7,643,077</u>	<u>(68,606)</u>
<u>OPERATING INCOME</u>	<u>30,529</u>	<u>(119,471)</u>	<u>121,606</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(345,000)	(345,000)	(74,169)	270,831
Lease Purchase Proceeds	-	1,483,342	1,746,233	262,891
Interest Income	<u>12,750</u>	<u>12,750</u>	<u>13,543</u>	<u>793</u>
<u>Total Other Revenues (Expenses)</u>	<u>(332,250)</u>	<u>1,151,092</u>	<u>1,685,607</u>	<u>534,515</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(301,721)</u>	<u>1,031,621</u>	<u>1,807,213</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	51,739	51,739	51,739	-
Operating Transfers (Out)	<u>(488,603)</u>	<u>(488,603)</u>	<u>(488,603)</u>	<u>-</u>
<u>Total Operating Transfers</u>	<u>(436,864)</u>	<u>(436,864)</u>	<u>(436,864)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(738,585)</u>	<u>594,757</u>	<u>1,370,349</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Lease Purchase Proceeds	-	(1,483,342)	(1,746,233)	
Capital Outlay	<u>345,000</u>	<u>345,000</u>	<u>74,169</u>	
<u>Total Reconciling Items</u>	<u>345,000</u>	<u>(1,138,342)</u>	<u>(1,672,064)</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(393,585)</u>	<u>(543,585)</u>	<u>(301,715)</u>	
<u>NET POSITION, Beginning</u>	<u>3,139,744</u>	<u>3,139,744</u>	<u>2,905,946</u>	
<u>NET POSITION, Ending</u>	<u>2,746,159</u>	<u>2,596,159</u>	<u>2,604,231</u>	

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

CITY OF TRINIDAD, COLORADO  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP) AND ACTUAL  
WATER ENTERPRISE FUND  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	2,112,000	3,804,500	2,272,186	(1,532,314)
Other	219,500	277,000	301,922	24,922
<u>Total Operating Revenue</u>	<u>2,331,500</u>	<u>4,081,500</u>	<u>2,574,108</u>	<u>(1,507,392)</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,973,315	1,973,315	1,744,314	229,001
Water Transmission System	139,500	139,500	53,798	85,702
Water Distribution	543,217	543,217	372,780	170,437
Madrid Chlorination	-	-	5,118	(5,118)
Water Filtration Plant	178,000	178,000	130,915	47,085
North Lake	12,500	12,500	7,977	4,523
Monument Lake	15,600	15,600	13,231	2,369
<u>Total Operating Expenses</u>	<u>2,862,132</u>	<u>2,862,132</u>	<u>2,328,133</u>	<u>533,999</u>
<u>OPERATING INCOME</u>	<u>(530,632)</u>	<u>1,219,368</u>	<u>245,975</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(3,286,000)	(3,286,000)	(992,672)	2,293,328
Lease Proceeds	-	2,030,199	2,015,620	(14,579)
Interest Income	34,000	34,000	41,480	7,480
Grants and Contributions	1,550,000	-	116,644	116,644
<u>Total Other Revenues (Expenses)</u>	<u>(1,702,000)</u>	<u>(1,221,801)</u>	<u>1,181,072</u>	<u>2,402,873</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(2,232,632)</u>	<u>(2,433)</u>	<u>1,427,047</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	175	175	175	-
Operating Transfers (Out)	(360,285)	(360,285)	(360,285)	-
<u>Total Operating Transfers</u>	<u>(360,110)</u>	<u>(360,110)</u>	<u>(360,110)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(2,592,742)</u>	<u>(362,543)</u>	<u>1,066,937</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Lease Proceeds	-	(2,030,199)	(2,015,620)	
Capital Outlay	3,286,000	3,286,000	992,672	
<u>Total Reconciling Items</u>	<u>3,286,000</u>	<u>1,255,801</u>	<u>(1,022,948)</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>693,258</u>	<u>893,258</u>	<u>43,989</u>	
<u>NET POSITION, Beginning</u>	<u>19,637,710</u>	<u>19,637,710</u>	<u>19,629,333</u>	
<u>NET POSITION, Ending</u>	<u>20,330,968</u>	<u>20,530,968</u>	<u>19,673,322</u>	

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

CITY OF TRINIDAD, COLORADO  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP) AND ACTUAL  
SEWER ENTERPRISE FUND  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	1,775,000	1,794,100	1,818,959	24,859
Other	19,100	-	18,811	18,811
<u>Total Operating Revenue</u>	<u>1,794,100</u>	<u>1,794,100</u>	<u>1,837,770</u>	<u>43,670</u>
<u>OPERATING EXPENSES</u>				
General Operations	458,271	458,271	436,407	21,864
Treatment Plant	1,219,549	1,219,549	1,219,549	-
Collection	-	-	34,977	(34,977)
<u>Total Operating Expenses</u>	<u>1,677,820</u>	<u>1,677,820</u>	<u>1,690,933</u>	<u>(13,113)</u>
<u>OPERATING INCOME</u>	<u>116,280</u>	<u>116,280</u>	<u>146,837</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	(17,651)	(17,651)	(11,674)	5,977
Capital Outlay	(792,000)	(792,000)	(403,267)	388,733
Debt Principal	(475,349)	(475,349)	(475,349)	-
Interest Income	3,050	3,050	4,373	1,323
Grants and Contributions	-	-	185,161	185,161
<u>Total Other Revenues (Expenses)</u>	<u>(1,281,950)</u>	<u>(1,281,950)</u>	<u>(700,756)</u>	<u>581,194</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(1,165,670)</u>	<u>(1,165,670)</u>	<u>(553,919)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	652,992	852,992	887,979	34,987
Operating Transfers (Out)	(196,805)	(196,805)	(196,805)	-
<u>Total Operating Transfers</u>	<u>456,187</u>	<u>656,187</u>	<u>691,174</u>	<u>34,987</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(709,483)</u>	<u>(509,483)</u>	<u>137,255</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Debt Principal	475,349	475,349	475,349	
Capital Outlay	792,000	792,000	403,267	
<u>Total Reconciling Items</u>	<u>1,267,349</u>	<u>1,267,349</u>	<u>878,616</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>557,866</u>	<u>757,866</u>	<u>1,015,871</u>	
<u>NET POSITION, Beginning</u>	<u>5,616,465</u>	<u>5,616,465</u>	<u>5,747,382</u>	
<u>NET POSITION, Ending</u>	<u>6,174,331</u>	<u>6,374,331</u>	<u>6,763,253</u>	

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

STATE REQUIRED SCHEDULE

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: CITY OF TRINIDAD
		YEAR ENDING : December 31, 2018
This Information From The Records Of (example - City of _ or County of City Of Trinidad	Prepared By: Phone:	Cheryl Navarette 719-846-9843 x112

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT		AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	32,955
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	742,037
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	148,408
2. General fund appropriations	996,494	b. Snow and ice removal	296,815
3. Other local imposts (from page 2)	359,957	c. Other	
4. Miscellaneous local receipts (from page 2)	33,884	d. Total (a. through c.)	445,223
5. Transfers from toll facilities		4. General administration & miscellaneous	19,960
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	571,482
a. Bonds - Original Issues		6. Total (1 through 5)	1,811,657
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,390,335	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	421,322	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,811,657	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,811,657

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,811,657	1,811,657		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 31, 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	24,642
1. Sales Taxes	8,138	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	9,242
5. Specific Ownership &/or Other	351,819	g. Other Misc. Receipts	
6. Total (1. through 5.)	359,957	h. Other	
c. Total (a. + b.)	359,957	i. Total (a. through h.)	33,884
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	392,158	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	29,164	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	29,164	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	421,322	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		11,560	11,560
c. Construction:			
(1). New Facilities		-	0
(2). Capacity Improvements		-	0
(3). System Preservation		21,395	21,395
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	21,395	21,395
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	32,955	32,955
			(Carry forward to page 1)

Notes and Comments: