

cPa DIXON, WALLER & CO., INC.

CITY OF TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2019

DIXON, WALLER & CO., INC.

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FINANCIAL STATEMENTS
December 31, 2019

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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of December 31, 2019, 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, 46 through 48 and 49 through 55 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020, on our consideration of City of Trinidad's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Trinidad's internal control over financial reporting and compliance.

Dixon, Waller & Co., Inc.

June 15, 2020

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, 2019.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2019 by \$86,508,499 (Net Position). Of this amount, \$23,398,389 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2019, the City's Governmental Funds reported combined ending fund balances of \$17,963,891. Approximately 68% of this total amount or \$12,213,708 is unassigned.
- The General Fund, presented on a current financial resources basis, reports a Fund Balance of \$13,561,969 at the end of the current fiscal year, or 116% of total General Fund expenditures.
- The City's total bond and capital lease debt was \$5,148,873 at the close of 2019.
- 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 2019 the City reported a net pension asset of \$161,646 and a net pension liability of \$510,773.

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 2019. 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 with the collection of \$55,993 in property taxes for 2019 and an increase in Net Position of \$48,626. It is anticipated that there will be an increase in activity for 2020 and following years. In addition, the City Council approved establishment of the La Puerta Business Improvement District in 2019. There was no activity by this organization in 2019. Activity is anticipated to begin in 2020, and an audit will be scheduled for Fiscal Year 2020 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 \$86,508,499 at the close of 2019 as compared to \$78,127,158 at the close of 2018.

The largest portion of the City’s Net Position (68%) 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	
	2018	2019	2018	2019	2018	2019
Current & Other Assets	\$ 18,796,895	\$ 20,582,346	\$ 20,391,694	\$ 17,619,989	\$ 39,188,589	\$ 38,202,335
Capital Assets	29,678,211	34,528,756	22,287,193	26,756,920	51,965,404	61,285,676
Total Assets	<u>48,475,106</u>	<u>55,111,102</u>	<u>42,678,887</u>	<u>44,376,909</u>	<u>91,153,993</u>	<u>99,488,011</u>
Deferred Outflows	524,776	876,021	-	92,783	524,776	968,804
Long-term Liabilities	3,795,612	3,742,402	5,113,573	5,165,279	8,909,185	8,907,681
Other Liabilities	1,122,019	1,305,788	2,078,752	2,380,219	3,200,771	3,686,007
Total Liabilities	<u>4,917,631</u>	<u>5,048,190</u>	<u>7,192,325</u>	<u>7,545,498</u>	<u>12,109,956</u>	<u>12,593,688</u>
Deferred Inflows	1,348,192	1,354,628	93,463	-	1,441,655	1,354,628
Net Position:						
Invested in Capital Assets, net of related debt	29,131,025	34,113,788	22,287,193	24,265,072	51,418,218	58,378,860
Restricted	6,341,746	4,731,250	-	-	6,341,746	4,731,250
Unrestricted	7,261,288	10,739,267	13,105,906	12,659,122	20,367,194	23,398,389
Total Net Position	<u>\$ 42,734,059</u>	<u>\$ 49,584,305</u>	<u>\$ 35,393,099</u>	<u>\$ 36,924,194</u>	<u>\$ 78,127,158</u>	<u>\$ 86,508,499</u>

The City's combined Net Position was \$86,508,499 at December 31, 2019 of which \$23,398,389 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 \$36,924,194 at December 31, 2019. 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	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 941,438	\$ 892,946	\$ 15,396,332	\$ 15,949,046	\$ 16,337,770	\$ 16,841,992
Operating Capital Grants & Contributions	1,013,005	2,345,827	301,805	854,139	1,314,810	3,199,966
General Revenues:						
Property Taxes	1,135,185	1,177,033	-	-	1,135,185	1,177,033
Other Taxes	12,472,537	13,636,717	-	-	12,472,537	13,636,717
Intergovernmental Restricted	580,011	93,047	-	-	580,011	93,047
Intergovernmental not Restricted	95,855	550,449	-	-	95,855	550,449
Other Revenues	525,715	402,224	-	-	525,715	402,224
Lawsuit Settlement	-	-	-	-	-	-
Investment Earnings	34,877	73,734	76,623	110,867	111,500	184,601
Total Revenues	16,798,623	19,171,977	15,774,760	16,914,052	32,573,383	36,086,029
Expenses:						
General Government	4,323,283	4,412,362	-	-	4,323,283	4,412,362
Public Safety	4,338,321	4,488,221	-	-	4,338,321	4,488,221
Public Works	1,575,179	3,288,339	-	-	1,575,179	3,288,339
Parks, Culture and Recreation	1,159,673	1,241,806	-	-	1,159,673	1,241,806
Community Projects	388,393	1,418	-	-	388,393	1,418
Interest on Long-term Debt	165	-	-	-	165	-
Pension Cost	(504,618)	(62,692)	-	-	(504,618)	(62,692)
Business-type	-	-	13,989,504	14,335,234	13,989,504	14,335,234
Total Expenses	11,280,396	13,369,454	13,989,504	14,335,234	25,269,900	27,704,688
Increase in Net Position before Transfers	5,518,227	5,802,523	1,785,256	2,578,818	7,303,483	8,381,341
Transfers	359,743	1,047,723	(359,743)	(1,047,723)	-	-
Increase in Net Position	5,877,970	6,850,246	1,425,513	1,531,095	7,303,483	8,381,341
Prior Period Adjustment	-	-	-	-	-	-
Net Position - January 1	36,856,089	42,734,059	33,967,586	35,393,099	70,823,675	78,127,158
Net Position - December 31	\$ 42,734,059	\$ 49,584,305	\$ 35,393,099	\$ 36,924,194	\$ 78,127,158	\$ 86,508,499

Total City revenue was \$36.1 million and the total cost of all programs and services was \$27.7 million.

Governmental Activities. Revenues for governmental activities increased in 2019 to \$19.2 million, an increase of \$2.4 million from 2018 and expenses increased to \$13.4 million or \$2.1 million more than 2018.

Business-type Activities. Operating revenues for business-type activities increased in 2019 to \$16.9 million, an increase of \$1.1 million from 2018 and expenses increased to \$14.3 million or \$0.3 million more than 2018.

The following table shows the total and net cost of services by function of the governmental activities of the City.

	Cost of Services			
	2018		2019	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 4,323,283	\$ 4,323,283	\$ 4,412,362	\$ 4,412,362
Public Safety	4,338,321	3,787,157	4,488,221	4,117,275
Public Works	1,575,179	1,249,621	3,288,339	2,813,584
Parks, Culture and Rec	1,159,673	1,086,137	1,241,806	1,157,657
Community Projects	388,393	(615,792)	1,418	(2,307,505)
Interest	165	165	-	-
Pension Cost	(504,618)	(504,618)	(62,692)	(62,692)
Total	<u>\$ 11,280,396</u>	<u>\$ 9,325,953</u>	<u>\$ 13,369,454</u>	<u>\$ 10,130,681</u>

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 2019, the City's Governmental Funds reported total combined fund balances of \$17,963,891, of which approximately 27% (\$4,731,250) is restricted for Tabor Emergency Reserve, Parks & Recreation, and Capital Projects. Of the reserve fund balance, 2% is assigned to Tourism Promotion and the Library.

The General Fund is the chief operating fund of the City. At the end of 2019, the unassigned fund balance of the General Fund was \$12,213,708 while total fund balance was \$13,561,969. 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 105% of total General Fund expenditures, while total fund balance represents 116% of that same amount.

The fund balance of the City’s General Fund increased by \$3,376,122 in 2019. The increase was due primarily to sales and marijuana tax revenues.

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, 2019 for the Proprietary Funds was as follows:

Unrestricted Net Position			
	2018	2019	Variance
Gas Utilities	\$ 5,636,417	\$ 5,582,829	\$ (53,588)
Electric Utilities	1,692,743	1,353,485	(339,258)
Water Utilities	5,102,581	5,004,719	(97,862)
Sewer Utilities	674,165	718,089	43,924
Total	<u>\$ 13,105,906</u>	<u>\$ 12,659,122</u>	<u>\$ (446,784)</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 2019 appropriation ordinance totaled \$51,149,275, an increase of \$4,345,309 over 2018. During the year the budget was amended by \$768,361 increasing the appropriation to \$51,917,636. General Fund Revenue totals were \$490,475 more than the amended and approved 2019 budget. General Fund Expenditure totals were \$2,001,008 under the amended and approved 2019 budget.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$61,285,676 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$9.32 million from 2018. \$2 million or 3.2% 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	
	2018	2019	2018	2019	2018	2019
Land, Equity, Water Rights	\$ 1,320,278	\$ 1,334,378	\$ 2,029,056	\$ 2,000,484	\$ 3,349,334	\$ 3,334,862
Infrastructure	15,975,590	15,801,162	-	-	15,975,590	15,801,162
Buildings & Systems	6,822,691	7,888,835	18,009,816	17,294,767	24,832,507	25,183,602
Construction in Progress	3,097,090	6,754,330	1,693,597	6,656,224	4,790,687	13,410,554
Equipment & Vehicles	2,462,562	2,750,051	554,724	805,445	3,017,286	3,555,496
Total Net Capital Assets	\$ 29,678,211	\$ 34,528,756	\$ 22,287,193	\$ 26,756,920	\$ 51,965,404	\$ 61,285,676

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 2019 year.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Note Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landfill Closure/Postclosure	2,014,632	2,052,910	-	-	2,014,632	2,052,910
Lease Purchases	547,186	414,968	-	-	547,186	414,968
Compensated Absences	981,808	901,243	548,018	619,121	1,529,826	1,520,364
Meter Project Lease	-	-	4,750,000	4,733,905	4,750,000	4,733,905
Total Debt	\$ 3,543,626	\$ 3,369,121	\$ 5,298,018	\$ 5,353,026	\$ 8,841,644	\$ 8,722,147

Net decrease in debt for 2019 was \$119,497. The City financed \$168,000 for a 2020 Freightliner Bucket truck. Debt due within the next year is \$325,239. 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 an 8% increase in sales tax revenue for 2019 as compared to 2018. Sales tax and lodging tax increases were due to a marked increase of economic activity centered on retail marijuana sales. At the time the 2020 Budget was adopted, it was expected sales and lodging tax

revenue were to continue to increase in 2020. However, due to the COVID-19 pandemic, both sales and lodging tax are expected to realize significant losses.

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 2020 Budget

In December of 2019, the City adopted the 2020 annual operating budget, which provided \$47,977,605 in appropriations. This budget anticipated similar revenue receipts as budgeted in FY 2019. 2020 General Fund operating expenditures were budgeted \$245 thousand less than the amended and approved 2019 budgeted amounts with \$2.3 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 2020. Capital expenditures include \$2.35 million budgeted for ADA Compliance projects throughout the City and \$1.7 million budgeted for citywide paving projects. Also budgeted for 2020 is the La Puerta/American Road Infrastructure Project which consists of installing utility infrastructure and services along with storm drainage improvement. The roadway section will include curb, gutter, sidewalk and brick paver driving surface. Major capital expenditures planned for utilities include the completion of the \$4.75 million Meter Infrastructure Upgrade Project which began in 2019 and \$1.6 million for the Water Department Santa Fe Trail Pump Station Improvement. \$2 million is re-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, 2019

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
ASSETS				
Cash and Equivalents	15,419,789	12,328,845	27,748,634	211,762
Receivables (Net, where Applicable, of Allowance for Uncollectibles):				
Accounts, Grants & Notes	1,780,739	1,730,197	3,510,936	-
Assessments and Contracts	-	-	-	-
Sales & Use Taxes	1,876,598	-	1,876,598	-
Property Taxes	1,288,513	-	1,288,513	-
Inventories	55,061	693,287	748,348	-
Prepaid Expenses	-	-	-	-
Restricted Assets:				
Cash and Equivalents	-	2,867,660	2,867,660	-
Fixed Assets (Net)	34,528,756	26,756,920	61,285,676	-
Net Pension Asset	161,646	-	161,646	-
Total Assets	55,111,102	44,376,909	99,488,011	211,762
DEFERRED OUTFLOW OF RESOURCES				
Pensions	876,021	-	876,021	-
Purchased Natural Gas Adjustment	-	92,783	92,783	-
Total Deferred Outflows	876,021	92,783	968,804	-
LIABILITIES				
Accrued Interest Payable	-	49,146	49,146	-
Accounts Payable	592,357	1,428,561	2,020,918	-
Accrued Wages & Benefits Payable	284,362	111,864	396,226	-
Other Liabilities	291,577	256,796	548,373	-
Meter Deposits Payable	-	346,105	346,105	-
Noncurrent Liabilities:				
Due Within One Year	137,492	187,747	325,239	-
Due in More than One Year	277,476	4,546,158	4,823,634	-
Landfill Closure and Post-Closure Cost	2,052,910	-	2,052,910	-
Accrued Vacation & Sick Leave Payable	901,243	619,121	1,520,364	-
Net Pension Liability	510,773	-	510,773	-
Total Liabilities	5,048,190	7,545,498	12,593,688	-
DEFERRED INFLOW OF RESOURCES				
Property Tax	1,288,513	-	1,288,513	-
Pensions	66,115	-	66,115	-
Purchased Natural Gas Adjustment	-	-	-	-
Total Deferred Inflows	1,354,628	-	1,354,628	-
NET POSITION				
Net Investment in Capital Assets	34,113,788	24,265,072	58,378,860	-
Restricted for:				
Capital Projects	4,091,141	-	4,091,141	211,762
Debt Service	-	-	-	-
Parks and Recreation	95,109	-	95,109	-
Labor Emergencies	545,000	-	545,000	-
Unrestricted	10,739,267	12,659,122	23,398,389	-
Total Net Position	49,584,305	36,924,194	86,508,499	211,762

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total	
<u>Governmental Activities</u>							
General Government	4,412,362	-	-	(4,412,362)	-	(4,412,362)	
Public Safety	4,488,221	990	-	(4,117,275)	-	(4,117,275)	
Public Works	3,288,339	11,763	-	(2,813,584)	-	(2,813,584)	
Parks, Culture & Recreation	1,241,806	24,151	-	(1,157,657)	-	(1,157,657)	
Community Projects	1,418	-	2,308,923	2,307,505	-	2,307,505	
Pension Cost	(62,692)	-	-	62,692	-	62,692	
<u>Total Governmental Activities</u>	<u>13,369,454</u>	<u>36,904</u>	<u>2,308,923</u>	<u>(10,130,681)</u>	<u>-</u>	<u>(10,130,681)</u>	
<u>Business Type Activities</u>							
Gas	2,454,667	-	359,037	-	1,325,602	1,325,602	
Power & Light	7,574,271	-	-	-	191,198	191,198	
Water	2,557,326	-	292,071	-	667,289	667,289	
Sewer	1,748,970	-	203,031	-	283,862	283,862	
Total Business Type Activities	14,335,234	-	854,139	-	2,467,951	2,467,951	
Total Primary Government	27,704,688	36,904	3,163,062	(10,130,681)	2,467,951	(7,662,730)	(7,367)
Component Units	24,133	-	16,766	-	-	-	
<u>General Revenues:</u>							
Property Taxes				1,177,033	-	1,177,033	55,993
Specific Ownership Taxes				291,147	-	291,147	-
Sales and Use Taxes				13,238,313	-	13,238,313	-
Franchise Taxes				107,257	-	107,257	-
Licenses and Permits				237,710	-	237,710	-
Intergovernmental - Restricted				93,047	-	93,047	-
Intergovernmental Not Specifically Restricted				550,449	-	550,449	-
Interest Revenue				73,734	110,867	184,601	-
Other Revenues				164,514	-	164,514	-
Transfers				1,047,723	(1,047,723)	-	-
<u>Total General Revenues and Transfers</u>				<u>16,980,927</u>	<u>(936,856)</u>	<u>16,044,071</u>	<u>55,993</u>
Change in Net Position				6,850,246	1,531,095	8,381,341	48,626
Net Position - Beginning				42,734,059	35,393,099	78,127,158	163,136
Net Position - Ending				<u>49,584,305</u>	<u>36,924,194</u>	<u>86,508,499</u>	<u>211,762</u>

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

CITY OF TRINIDAD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Equivalents	12,771,306	2,403,422	245,061	15,419,789
Receivables (Net, of Allowance Where Applicable)				
Property Taxes	1,288,513	-	-	1,288,513
Accounts, Grants, Notes	158,007	1,622,732	-	1,780,739
Sales & Use Taxes	1,467,617	337,647	71,334	1,876,598
Due From Other Funds	-	-	-	-
Inventories at Cost	<u>55,061</u>	<u>-</u>	<u>-</u>	<u>55,061</u>
Total Assets	<u>15,740,504</u>	<u>4,363,801</u>	<u>316,395</u>	<u>20,420,700</u>
LIABILITIES				
Accounts Payable	444,426	144,798	3,133	592,357
Accrued Salaries & Benefits	281,881	-	2,481	284,362
Due To Other Funds	-	-	-	-
Other Payables	134,137	-	-	134,137
Unearned Revenue:				
Grants	29,578	27,862	-	57,440
Other	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Liabilities	<u>890,022</u>	<u>272,660</u>	<u>5,614</u>	<u>1,168,296</u>
DEFERRED INFLOW OF RESOURCES				
Property Tax	<u>1,288,513</u>	<u>-</u>	<u>-</u>	<u>1,288,513</u>
FUND BALANCES:				
Nonspendable:				
Inventories	55,061	-	-	55,061
Prepaid Expense	-	-	-	-
Restricted:				
Emergencies	545,000	-	-	545,000
Capital Outlay	-	4,091,141	-	4,091,141
Parks and Recreation	-	-	95,109	95,109
Committed:				
Library	43,249	-	-	43,249
Landfill	704,951	-	-	704,951
Assigned:				
Tourism Promotion	-	-	215,672	215,672
Unassigned:	<u>12,213,708</u>	<u>-</u>	<u>-</u>	<u>12,213,708</u>
Total Fund Balances	<u>13,561,969</u>	<u>4,091,141</u>	<u>310,781</u>	<u>17,963,891</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
	<u>15,740,504</u>	<u>4,363,801</u>	<u>316,395</u>	<u>20,420,700</u>

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, 2019

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

<u>Total Fund Balance – Governmental Funds</u>		17,963,891
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$67,390,215 and the accumulated depreciation is \$32,861,459.		34,528,756
Long-term liabilities, including leases, landfill closure and post-closure costs, loans and notes payable are not due and payable in the current period and therefore are not reported in funds.		
Leases Payable	414,968	
Landfill Closure and Post-Closure Costs	<u>2,052,910</u>	(2,467,878)
Compensated absences are not reported as a liability in the funds.		(901,243)
Pension assets, liabilities and deferred flows are not recorded at the fund level:		
Net Pension Asset	161,646	
Net Pension Liability	(510,773)	
Deferred Outflows	876,021	
Deferred Inflows	<u>(66,115)</u>	<u>460,779</u>
<u>Total Net Position – Governmental Activities</u>		<u>49,584,305</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, 2019

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	12,306,886	2,169,520	337,344	14,813,750
Licenses and Permits	237,710	-	-	237,710
Intergovernmental Revenues	547,585	2,301,787	103,047	2,952,419
Charges for Services	892,946	-	-	892,946
Fines and Forfeits	19,192	-	-	19,192
Miscellaneous Revenues	235,464	22,689	129	258,282
<u>Total Revenues</u>	<u>14,239,783</u>	<u>4,493,996</u>	<u>440,520</u>	<u>19,174,299</u>
EXPENDITURES:				
General Government	4,077,898	-	288,504	4,366,402
Public Safety	4,204,208	-	-	4,204,208
Public Works	2,221,812	-	-	2,221,812
Culture and Recreation	714,979	-	82,224	797,203
Capital Lease Payments	119,996	-	-	119,996
Capital Outlay/Capital Projects	380,034	6,385,767	-	6,765,801
<u>Total Expenditures</u>	<u>11,718,927</u>	<u>6,385,767</u>	<u>370,728</u>	<u>18,475,422</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>2,520,856</u>	<u>(1,891,771)</u>	<u>69,792</u>	<u>698,877</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	1,063,627	200,000	8,361	1,271,988
Transfers Out	(208,361)	-	-	(208,361)
Insurance Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>855,266</u>	<u>200,000</u>	<u>8,361</u>	<u>1,063,627</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>3,376,122</u>	<u>(1,691,771)</u>	<u>78,153</u>	<u>1,762,504</u>
<u>FUND BALANCES – Beginning</u>	<u>10,185,847</u>	<u>5,782,912</u>	<u>232,628</u>	<u>16,201,387</u>
<u>FUND BALANCES - Ending</u>	<u>13,561,969</u>	<u>4,091,141</u>	<u>310,781</u>	<u>17,963,891</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, 2019

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

Net Change in Fund Balances – Total Governmental Funds 1,762,504

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	6,773,752	
Gain or loss on disposition	(2,322)	
Depreciation expense	<u>(1,920,885)</u>	4,850,545

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	-	
Repayment of debt principal	132,218	
Interest expense	<u>-</u>	132,218

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. 80,565

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. (38,278)

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: 62,692

Change in Net Position of Governmental Activities 6,850,246

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business Type Activities				Totals
	Enterprise Funds				
	Gas Fund	Power Fund	Water Fund	Sewer Fund	
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash and Equivalents	6,222,033	1,740,012	3,800,349	566,451	12,328,845
Receivables:					
Accounts	406,743	653,514	153,636	145,036	1,358,929
Notes	-	-	16,128	-	16,128
Grants and Other	181,148	-	169,317	4,675	355,140
Inventories	66,456	400,694	218,965	7,172	693,287
Due From Other Funds	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<u>Total Current Assets</u>	<u>6,876,380</u>	<u>2,794,220</u>	<u>4,358,395</u>	<u>723,334</u>	<u>14,752,329</u>
<u>Non Current Assets</u>					
<u>Restricted</u>					
Cash and Equivalents	312,886	487,004	2,067,770	-	2,867,660
Due From Other Funds	-	-	-	-	-
<u>Total Restricted Assets</u>	<u>312,886</u>	<u>487,004</u>	<u>2,067,770</u>	<u>-</u>	<u>2,867,660</u>
<u>Property, Plant and Equipment</u>					
Equity ARPA	-	400,000	-	-	400,000
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	7,546,345	19,760,889
Utility System	1,245,561	1,148,687	18,853,148	3,050,971	24,298,367
Equipment	723,284	1,405,403	976,034	897,921	4,002,642
Construction in Progress	1,133,628	1,234,844	3,528,578	759,174	6,656,224
Less Accumulated Depreciation	<u>(2,248,564)</u>	<u>(6,711,016)</u>	<u>(14,848,502)</u>	<u>(6,153,604)</u>	<u>(29,961,686)</u>
<u>Net Property, Plant & Equipment</u>	<u>1,779,524</u>	<u>2,191,891</u>	<u>16,537,928</u>	<u>6,247,577</u>	<u>26,756,920</u>
<u>TOTAL ASSETS</u>	<u>8,968,790</u>	<u>5,473,115</u>	<u>22,964,093</u>	<u>6,970,911</u>	<u>44,376,909</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Purchased Natural Gas Adjustment	<u>92,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,783</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Business Type Activities				Total
	Enterprise Funds				
	<u>Gas Fund</u>	<u>Power Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
LIABILITIES					
Current Liabilities					
Accounts Payable	363,096	723,978	341,312	175	1,428,561
Accrued Interest Payable	9,118	21,429	18,599	-	49,146
Accrued Wages & Benefits Payable	23,027	47,413	36,354	5,070	111,864
Unearned Revenue	-	-	256,796	-	256,796
Due To Other Funds	-	-	-	-	-
Lease Payable	<u>31,014</u>	<u>93,471</u>	<u>63,262</u>	<u>-</u>	<u>187,747</u>
Total Current Liabilities	<u>426,255</u>	<u>886,291</u>	<u>716,323</u>	<u>5,245</u>	<u>2,034,114</u>
Current Liabilities Payable from Restricted Assets					
Meter Deposits Payable	179,282	135,168	31,655	-	346,105
Due To Other Funds	-	-	-	-	-
Total Restricted Liabilities	<u>179,282</u>	<u>135,168</u>	<u>31,655</u>	<u>-</u>	<u>346,105</u>
Noncurrent Liabilities					
Accrued Vacation & Sick Leave Payable	134,478	336,957	147,686	-	619,121
Lease Payable	<u>918,763</u>	<u>1,753,305</u>	<u>1,874,090</u>	<u>-</u>	<u>4,546,158</u>
Total Long-Term Liabilities	<u>1,053,241</u>	<u>2,090,262</u>	<u>2,021,776</u>	<u>-</u>	<u>5,165,279</u>
TOTAL LIABILITIES	<u>1,658,778</u>	<u>3,111,721</u>	<u>2,769,754</u>	<u>5,245</u>	<u>7,545,498</u>
DEFERRED INFLOW OF RESOURCES					
Purchased Natural Gas Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets Unrestricted	<u>1,819,966</u>	<u>1,007,909</u>	<u>15,189,620</u>	<u>6,247,577</u>	<u>24,265,072</u>
	<u>5,582,829</u>	<u>1,353,485</u>	<u>5,004,719</u>	<u>718,089</u>	<u>12,659,122</u>
TOTAL NET POSITION	<u>7,402,795</u>	<u>2,361,394</u>	<u>20,194,339</u>	<u>6,965,666</u>	<u>36,924,194</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, 2019

	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	3,415,752	7,715,319	2,316,881	1,825,095	15,273,047
Other	5,480	50,150	615,663	4,706	675,999
<u>Total Operating Revenues</u>	<u>3,421,232</u>	<u>7,765,469</u>	<u>2,932,544</u>	<u>1,829,801</u>	<u>15,949,046</u>
<u>Operating Expenses</u>					
Personal Services	650,661	1,322,611	977,234	152,326	3,102,832
Purchased Services	7,821	19,318	136,406	1,251,833	1,415,378
Supplies and Materials	27,887	24,545	131,037	2,902	186,371
Power, Gas & Utilities	1,548,128	5,805,201	164,792	-	7,518,121
Maintenance and Repair	83,886	129,091	334,774	24,306	572,057
Depreciation/Amortization	41,243	100,916	515,318	245,923	903,400
Bad Debts	-	-	-	-	-
Other	54,216	95,127	214,490	71,680	435,513
<u>Total Operating Expenses</u>	<u>2,413,842</u>	<u>7,496,809</u>	<u>2,474,051</u>	<u>1,748,970</u>	<u>14,133,672</u>
<u>Operating Income (Loss)</u>	<u>1,007,390</u>	<u>268,660</u>	<u>458,493</u>	<u>80,831</u>	<u>1,815,374</u>
<u>Non-Operating Revenues (Expenses)</u>					
Grants and Contributions	359,037	-	292,071	218,935	870,043
Interest Revenue	25,058	21,051	60,198	4,560	110,867
Interest Expense	(40,825)	(77,462)	(83,275)	-	(201,562)
<u>Total Non-Operating Revenues Expenses</u>	<u>343,270</u>	<u>(56,411)</u>	<u>268,994</u>	<u>223,495</u>	<u>779,348</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>1,350,660</u>	<u>212,249</u>	<u>727,487</u>	<u>304,326</u>	<u>2,594,722</u>
Operating Transfers In(Out)(Net)	(300,158)	(455,086)	(206,470)	(101,913)	(1,063,627)
<u>Change in Net Position</u>	<u>1,050,502</u>	<u>(242,837)</u>	<u>521,017</u>	<u>202,413</u>	<u>1,531,095</u>
<u>TOTAL NET POSITION, Beginning</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>
<u>TOTAL NET POSITION, Ending</u>	<u>7,402,795</u>	<u>2,361,394</u>	<u>20,194,339</u>	<u>6,965,666</u>	<u>36,924,194</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, 2019

	Business Type Activities				Total
	Enterprise Funds				
	Gas Fund	Power Fund	Water Fund	Sewer Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from Customers & Users	3,437,789	7,759,529	2,932,264	1,819,099	15,948,681
Payments to Employees & Benefit Providers	(634,530)	(1,263,503)	(969,271)	152,055	(2,715,249)
Payments to Vendors – Supplies and Services	(1,990,160)	(5,961,354)	(909,953)	(1,766,913)	(10,628,380)
<u>NET CASH PROVIDED BY OPERATIONS</u>	<u>813,099</u>	<u>534,672</u>	<u>1,053,040</u>	<u>204,241</u>	<u>2,605,052</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Transfers – Other Funds	(300,158)	(455,086)	(206,470)	(101,913)	(1,063,627)
Customer Deposits	4,747	5,184	2,431	-	12,362
Due To/From Other Funds	214,165	(214,165)	-	-	-
<u>NET CASH PROVIDED (USED) – NON CAPITAL FINANCING</u>	<u>(81,246)</u>	<u>(664,067)</u>	<u>(204,039)</u>	<u>(101,913)</u>	<u>(1,051,265)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Non-Financed Purchase of Property & Equipment	(1,104,891)	(1,212,969)	(2,482,506)	(404,412)	(5,204,778)
Disposition of Equipment	-	-	-	-	-
Grant and Contributions	177,889	-	548,867	214,260	941,016
Interest Paid on Debt	(31,707)	(56,033)	(64,676)	-	(152,416)
Principal Paid on Debt	(38,370)	(67,807)	(78,267)	-	(184,444)
<u>NET CASH PROVIDED (USED) – CAPITAL FINANCING</u>	<u>(997,079)</u>	<u>(1,336,809)</u>	<u>(2,076,582)</u>	<u>(190,152)</u>	<u>(4,600,622)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Received	25,058	21,051	60,198	4,560	110,867
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(240,168)</u>	<u>(1,445,153)</u>	<u>(1,167,383)</u>	<u>(83,264)</u>	<u>(2,935,968)</u>
<u>CASH AND CASH EQUIVALENTS – Beginning</u>	<u>6,775,087</u>	<u>3,672,169</u>	<u>7,035,502</u>	<u>649,715</u>	<u>18,132,473</u>
<u>CASH AND CASH EQUIVALENTS – Ending</u>	<u>6,534,919</u>	<u>2,227,016</u>	<u>5,868,119</u>	<u>566,451</u>	<u>15,196,505</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS</u>					
Operating Income (Loss)	1,007,390	268,660	458,493	80,831	1,815,374
Non Cash Items in Operations:					
Amortization/Depreciation Expense	41,243	100,916	515,318	245,923	903,400
Bad Debts	-	-	-	-	-
(Increase) Decrease in Inventory	1,675	51,783	4,299	3,597	61,354
(Increase) Decrease Receivables/Accruals	16,557	5,940	(51,589)	(10,702)	(39,794)
(Increase) Decrease Prepaid Expense	-	-	-	-	-
Increase (Decrease) in Payables/Accruals	(67,520)	107,373	126,519	(115,408)	50,964
Change in Purchased Natural Gas Adjustment	(186,246)	-	-	-	(186,246)
<u>NET CASH PROVIDED (USED) BY OPERATIONS</u>	<u>813,099</u>	<u>534,672</u>	<u>1,053,040</u>	<u>204,241</u>	<u>2,605,052</u>

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 two discretely presented component unit.

Discretely presented component units:

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.

La Puerta Business Improvement District (Bid)

The BID was created as a separate legal entity by the City pursuant to state statutes. It was created for the purpose of making and maintaining public improvements and planning development activities within the geographic boundaries of the BID. The BID is governed by an appointed board and must have annual approval of the City for its operating plan and budget.

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*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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* is a special revenue fund that accounts for the use of 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.

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 under-recovery of \$92,783 for purchased natural gas adjustment was recorded at December 31, 2019.

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.

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 2019.
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.

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, 2019.

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.

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, 2019

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	55,061	-	-	-	55,061
<u>Restricted:</u>					
Emergencies	545,000	-	-	-	545,000
Capital Outlay	-	4,091,141	-	-	4,091,141
Parks and Recreation	-	-	-	95,109	95,109
<u>Committed:</u>					
Library	43,249	-	-	-	43,249
Landfill	704,951	-	-	-	704,951
<u>Assigned:</u>					
Tourism Promotion	-	-	215,672	-	215,672
<u>Unassigned</u>	<u>12,213,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,213,708</u>
<u>Total Fund Balances</u>	<u>13,561,969</u>	<u>4,091,141</u>	<u>215,672</u>	<u>95,109</u>	<u>17,963,891</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, 2019

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Adjustment	Ending Balance
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	1,245,585	-	-	-	1,245,585
Art	74,693	14,100	-	-	88,793
Construction in Progress	<u>3,097,090</u>	<u>5,709,433</u>	<u>2,052,193</u>	-	<u>6,754,330</u>
Total Capital Assets Not Being Depreciated	<u>4,417,368</u>	<u>5,723,533</u>	<u>2,052,193</u>	-	<u>8,088,708</u>
Capital Assets Being Depreciated:					
Buildings	14,294,989	1,419,061	-	-	15,714,050
Vehicles	3,424,778	333,175	21,796	-	3,736,157
Equipment	4,428,706	417,147	126,547	-	4,719,306
Infrastructure	<u>34,198,965</u>	<u>933,029</u>	-	-	<u>35,131,994</u>
Total Capital Assets Being Depreciated	<u>56,347,438</u>	<u>3,102,412</u>	<u>148,343</u>	-	<u>59,301,507</u>
Less Accumulated Depreciation for:					
Buildings	7,472,298	352,917	-	-	7,825,215
Vehicles	1,870,253	264,585	21,796	-	2,113,042
Equipment	3,520,669	195,926	124,225	-	3,592,370
Infrastructure	<u>18,223,375</u>	<u>1,107,457</u>	-	-	<u>19,330,832</u>
Total Accumulated Depreciation	<u>31,086,595</u>	<u>1,920,885</u>	<u>146,021</u>	-	<u>32,861,459</u>
Total Capital Assets Being Depreciated, Net	<u>25,260,843</u>	<u>1,181,527</u>	<u>2,322</u>	-	<u>26,440,048</u>
<u>Governmental Activities</u>					
<u>Capital Assets, Net</u>	<u>29,678,211</u>	<u>6,905,060</u>	<u>2,054,515</u>	-	<u>34,528,756</u>
<u>Business-Type Activities</u>					
Capital Assets Not Being Depreciated:					
Land, Equity, Water Rights	<u>2,029,056</u>	-	<u>28,572</u>	-	<u>2,000,484</u>
Capital Assets Being Depreciated:					
Buildings & Systems	43,994,256	65,000	-	-	44,059,256
Equipment	3,657,142	345,500	-	-	4,002,642
Construction In Progress	<u>1,693,597</u>	<u>4,962,627</u>	-	-	<u>6,656,224</u>
Total Capital Assets Being Depreciated	<u>49,344,995</u>	<u>5,373,127</u>	-	-	<u>54,718,122</u>
Less Accumulated Depreciation for:					
Buildings & Systems	25,984,440	780,049	-	-	26,764,489
Equipment	<u>3,102,418</u>	<u>94,779</u>	-	-	<u>3,197,197</u>
Total Accumulated Depreciation	<u>29,086,858</u>	<u>874,828</u>	-	-	<u>29,961,686</u>
<u>Business-Type Activities, Net</u>	<u>22,287,193</u>	<u>4,498,299</u>	<u>28,572</u>	-	<u>26,756,920</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 CAPITAL ASSETS (Continued)

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

<u>Governmental Activities:</u>	
General Government	154,651
Public Safety	293,382
Public Works	1,028,249
Parks and Recreation	444,603
<u>Total Depreciation Expense – Governmental Activities</u>	<u>1,920,885</u>
 <u>Business-Type Activities:</u>	
Gas	41,243
Power	72,344
Water	515,318
Sewer	245,923
<u>Total Depreciation Expense – Business Type Activities</u>	<u>874,828</u>

NOTE 3 CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt, Long-Term Liability activity for the year ended December 31, 2019, 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	2,014,632	38,278	-	2,052,910	-
Lease Purchases	547,186	-	132,218	414,968	137,492
Compensated Absences	981,808	-	80,565	901,243	-
	<u>3,543,626</u>	<u>38,278</u>	<u>212,783</u>	<u>3,369,121</u>	<u>137,492</u>
 <u>Business – Type Activities</u>					
Compensated Absences	548,018	71,103	-	619,121	-
Lease Purchases	4,750,000	168,350	184,445	4,733,905	187,747
	<u>5,298,018</u>	<u>239,453</u>	<u>184,445</u>	<u>5,353,026</u>	<u>187,747</u>

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Compensated Absences

Governmental Funds

Governmental funds compensated absences at December 31, 2019 were \$901,243. 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	336,957
Water Fund	147,686
Gas Fund	134,478
Sewer Fund	-
<u>Total</u>	<u>619,121</u>

Lease Purchases Payable

At December 31, 2019 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>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	12,847	1,027	13,874
2021	<u>13,513</u>	<u>361</u>	<u>13,874</u>
Total Minimum Lease Payments	<u>26,360</u>	<u>1,388</u>	27,748
Less Amounts Representing Interest			<u>1,388</u>
Present Value of Future Minimum Lease Payments			<u>26,360</u>

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:

	<u>Pumper Truck</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>388,608</u>	<u>30,489</u>	419,097
Less Amounts Representing Interest			<u>30,489</u>
Present Value of Future Minimum Lease Payments			<u>388,608</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable (Continued)

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		Total
	Principal	Interest	
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>4,565,555</u>	<u>1,538,895</u>	6,104,450
Less Amounts Representing Interest			<u>1,538,895</u>
Present Value of Future Minimum Lease Payments			<u>4,565,555</u>

The City purchased a bucket truck using a capital lease on February 15, 2019. The lease requires four annual payments of \$46,638 beginning May 1, 2020. The interest rate is 3.9%. The purchase price was \$168,350.

Future minimum payments follow:

	Bucket Truck		Total
	Principal	Interest	
2020	38,663	7,975	46,638
2021	41,588	5,050	46,638
2022	43,208	3,430	46,638
2023	<u>44,891</u>	<u>1,747</u>	<u>46,638</u>
Total Minimum Lease Payments	<u>168,350</u>	<u>18,202</u>	186,552
Less Amounts Representing Interest			<u>18,202</u>
Present Value of Future Minimum Lease Payments			<u>168,350</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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>
2020	325,239	199,373	524,612
2021	237,139	185,229	422,368
2022	455,672	176,214	631,886
2023	339,755	158,647	498,402
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>5,148,873</u>	<u>1,588,974</u>	6,737,847
Less Amounts Representing Interest			<u>1,588,974</u>
Present Value of Future Minimum Lease Payments			<u>5,148,873</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, 2019:

<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	312,026	-	2,603	83,311	25,002
Trinidad Old Hire Police	57,654	-	(2,327)	13,908	1,444
FPPA Statewide Hybrid Plan	-	161,646	(12,559)	234,189	28,716
FPPA Statewide Plan	<u>141,093</u>	<u>-</u>	<u>(50,409)</u>	<u>544,613</u>	<u>10,953</u>
Totals	<u>510,773</u>	<u>161,646</u>	<u>(62,692)</u>	<u>876,021</u>	<u>66,115</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.

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 comprehensive annual financial report that can be obtained at 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.

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, 2018 through June 30, 2019 was 13.4 percent. The Defined Benefit Component contribution rate from July 1, 2017 through June 30, 2018 was 14.8 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.

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

Contributions to the Plan from the Department were \$20,812 for the year ended December 31, 2019.

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

At December 31, 2019, the Department reported a liability/(asset) of \$(161,646) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2018, 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, 2018, the Department's proportion was 1.171 percent, which was an increase of .042 percent from its proportion measured as of December 31, 2017.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

For the year ended December 31, 2019, the Department recognized pension expense (reduction of expense) of \$(12,559). At December 31, 2019, 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	\$ 113,709	\$ -
Changes in assumptions	23,533	-
Net difference between actual and projected earnings on pension plan investments	34,515	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	41,620	(28,716)
Department contributions subsequent to the measurement date	20,812	-
Total	\$ 234,189	\$ (28,716)

\$20,812 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, 2020. 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,	
2020	\$ 41,382
2021	35,347
2022	33,073
2023	42,012
2024	27,009
Thereafter	5,838

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

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.0 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.25 – 11.25 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	100%	

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 (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2018, are summarized in the above table.

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

Discount rate. The discount rate used to measure the total pension liability was 7.00 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 7.00 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 (6.00 percent) or 1-percentagepoint higher (8.00 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department’s proportionate share of the net pension liability/(asset)	(79,261)	(161,646)	(230,711)

* The long-term rate of return used was 7.00 percent. The municipal bond rate used was 3.71 percent. The single discount rate for the plans was 7.00 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 5, 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.

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.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

Benefits provided. A member is eligible for a normal retirement once the member has completed 25 years of credited service and has attained the age of 55. 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.

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.

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 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. 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 22 percent of base salary in 2018. 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 in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. 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 \$65,313 for the year ended December 31, 2019.

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, 2019, the Department reported a liability/(asset) of \$141,093 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2018, 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, 2018, the Department's proportion was .11160 percent, which was a decrease of .0079 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Department recognized pension expense of \$(50,409). At December 31, 2019, 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	\$ 181,293	\$ (1,507)
Changes in assumptions	136,644	-
Net difference between actual and projected earnings on pension plan investments	110,992	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	50,371	(9,446)
Department contributions subsequent to the measurement date	65,313	-
Total	\$ 544,613	\$ (10,953)

\$65,313 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, 2020. 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,	
2020	\$ 85,937
2021	62,767
2022	54,174
2023	86,453
2024	44,585
Thereafter	134,431

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

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.0 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.25 – 11.25 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Market	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	100%	

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 (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2018, are summarized in the above table.

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

Discount rate. The discount rate used to measure the total pension liability was 7.00 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 7.00 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 (6.00 percent) or 1-percentagepoint higher (8.00 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department’s proportionate share of the net pension liability/(asset)	547,142	141,093	(195,717)

* The long-term rate of return used was 7.0 percent. The municipal bond rate used was 3.71 percent. The single discount rate for the plans was 7.0 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.

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, 2019 were \$33,720 and \$10,986, respectively.

Plan Membership. The plan membership of the Old Hire plans as of December 31, 2018 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, 2019, the City reported a liability of \$312,026 and \$57,654 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, 2018, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2019.

The components of the net pension liability of the City as of December 31, 2019, is presented below:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
Total pension liability	929,828	88,594
Fiduciary net position	<u>617,802</u>	<u>30,940</u>
Total	<u>312,026</u>	<u>57,654</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

For the year ended December 31, 2019, the City recognized \$2,603 and \$(2,327) 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, 2019, 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	49,591	25,002	2,922	1,444
Contributions subsequent to the measurement date	<u>33,720</u>	<u>-</u>	<u>10,986</u>	<u>-</u>
Total	<u>83,311</u>	<u>25,002</u>	<u>13,908</u>	<u>1,444</u>

The \$33,720 and \$10,986 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, 2020. 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>
2020	10,524	781
2021	3,587	211
2022	1,071	3
2023	9,407	483
2024	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>24,589</u>	<u>1,478</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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>		
	Total Pension <u>Liability</u>	Plan Fiduciary Net <u>Position</u>	Net Pension <u>Liability</u>	Total Pension <u>Liability</u>	Plan Fiduciary Net <u>Position</u>	Net Pension <u>Liability</u>
<u>Balances as of</u>						
<u>January 1, 2019</u>	962,356	649,828	312,528	96,802	36,306	60,496
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest	68,458	-	68,458	6,711	-	6,711
Differences between expected and actual experience	-	-	-	-	-	-
Change of Assumptions	-	-	-	-	-	-
Contributions – Employer	-	72,529	(72,529)	-	13,070	(13,070)
Contributions – Employee	-	-	-	-	-	-
Net investment income	-	512	(512)	-	99	(99)
Benefit payments	(100,986)	(100,986)	-	(14,919)	(14,919)	-
Administrative expense	-	(4,081)	4,081	-	(3,616)	3,616
Other changes	-	-	-	-	-	-
Total Net Changes	<u>(32,528)</u>	<u>(32,026)</u>	<u>(502)</u>	<u>(8,208)</u>	<u>(5,366)</u>	<u>(2,842)</u>
Balances as of						
December 31, 2019	<u>929,828</u>	<u>617,802</u>	<u>312,026</u>	<u>88,594</u>	<u>30,940</u>	<u>57,654</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, 2018 these best estimates are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global equity	37.00%	8.03%
Equity long/short	9.00%	6.45%
Private Capital	24.00%	10.00%
Fixed Income	15.00%	2.90%
Absolute return	9.00%	5.08%
Managed futures	4.00%	5.35%
Cash	2.00%	2.52%
Total	<u>100.00%</u>	

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

The total pension liability in the January 1, 2018 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	382,314	312,026	250,142
Old Police Fire net pension liability	63,505	57,654	52,525

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.

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

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 2019 and pension expense was \$155,450. 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 2019 was \$115,381. 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, 2019. Pension expense for that same period was \$3,935 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.

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 2019, the City paid \$52,653, 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 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, 2018 follows:

Assets	<u>83,659,446</u>
Liabilities	33,114,953
Net Position	<u>50,544,493</u>
	<u>83,659,446</u>
Revenues	27,433,840
Expenditures	29,755,861
Distributions to Members (Credits to Members)	<u>(924,193)</u>
Increase (Decrease) in Net Position	<u>(3,246,214)</u>

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 \$2,052,910 reported in Long-Term Debt as landfill closure and postclosure care liability at December 31, 2019, 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 \$736,174 and cost for postclosure care is \$1,316,736. These amounts are based upon what it would cost to perform all closure and postclosure care in 2019. The City expects to close the landfill in the year 2050. 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 costs were recognized in the amount of \$13,726. Current postclosure costs were \$24,552.

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, 2019

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	<u>20,900,557</u>	<u>21,382,716</u>
<u>Sub-Total</u>	21,900,557	22,382,716
Plus Cash with County Treasurer	48,910	-
Cash Equivalents	8,665,901	-
Plus Cash on Hand	926	-
<u>Net Cash</u>	<u>30,616,294</u>	<u>22,382,716</u>

Cash and equivalents is comprised of \$27,748,634 unrestricted and \$2,867,660 restricted for a total of \$30,616,294.

As presented above, deposits with a bank balance of \$21,382,716 and a carrying balance of \$20,900,557 as of December 31, 2019 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 13). \$545,000 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.

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.

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, 2019, 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 2019.

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	-	208,361
Capital Projects Fund	200,000	-
Lottery Fund	8,361	-
	<u>208,361</u>	<u>208,361</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 18 INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	1,063,627	208,361
Gas	-	300,158
Power	-	455,086
Water	-	206,470
Sewer	-	101,913
Capital Project	200,000	-
Lottery	<u>8,361</u>	<u>-</u>
	<u>1,271,988</u>	<u>1,271,988</u>

All transfers were made from and to major funds, except for the Lottery Fund. 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.

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance-</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Taxes				
General Property	1,166,608	1,166,608	1,177,033	10,425
Specific Ownership	230,000	230,000	291,147	61,147
General Sales and Use	5,750,000	6,450,000	6,508,559	58,559
Selective Sales and Use	2,568,000	3,968,000	4,222,890	254,890
Franchise	100,000	100,000	107,257	7,257
Licenses and Permits				
Business	111,300	111,300	120,117	8,817
Building, Zoning and Paving Permits	124,000	124,000	117,593	(6,407)
Other	-	-	-	-
Intergovernmental Revenues				
State Shared Revenues	391,300	391,300	506,206	114,906
Other	-	-	41,379	41,379
Charges for Services				
Disposal Fees	325,000	325,000	387,727	62,727
Delinquent Assessment	88,000	88,000	75,265	(12,735)
Culture and Recreation	58,100	58,100	59,998	1,898
Security'	484,100	484,100	369,956	(114,144)
Fines and Forfeits				
Court	28,200	28,200	19,192	(9,008)
Miscellaneous				
Earnings on Investments	25,000	25,000	60,935	35,935
Other	199,700	199,700	174,529	(25,171)
<u>TOTAL REVENUES</u>	<u>11,649,308</u>	<u>13,749,308</u>	<u>14,239,783</u>	<u>490,475</u>
<u>EXPENDITURES</u>				
<u>General Government</u>				
City Council	93,968	93,968	89,201	4,767
City Attorney	95,590	95,590	79,247	16,343
Municipal Court	76,828	76,828	75,361	1,467
City Manager	518,118	518,118	572,259	(54,141)
Information Technology	549,719	549,719	458,417	91,302
Elections	6,500	6,500	14,682	(8,182)
Finance	277,793	277,793	275,252	2,541
5% Tax Revenue Projects	1,980,000	2,330,000	922,280	1,407,720
Development Services	419,443	419,443	339,895	79,548
Other General and Administrative	717,351	717,351	642,595	74,756
Local Agencies Support	143,400	143,400	129,228	14,172
Facilities Services	285,000	285,000	336,823	(51,823)
Economic Development	157,975	157,975	142,658	15,317
<u>Total General Government</u>	<u>5,321,685</u>	<u>5,671,685</u>	<u>4,077,898</u>	<u>1,593,787</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Public Safety</u>				
Police	2,443,546	2,443,546	2,216,805	226,741
Dispatch	481,967	481,967	405,926	76,041
Fire	1,531,399	1,531,399	1,581,477	(50,078)
<u>Total Public Safety</u>	<u>4,456,912</u>	<u>4,456,912</u>	<u>4,204,208</u>	<u>252,704</u>
 <u>Public Works</u>				
Engineering	250,896	250,896	249,399	1,497
Fleet Maintenance	333,286	333,286	286,247	47,039
Public Works	1,192,410	1,192,410	1,341,839	(149,429)
Landfill	303,644	303,644	344,327	(40,683)
<u>Total Public Works</u>	<u>2,080,236</u>	<u>2,080,236</u>	<u>2,221,812</u>	<u>(141,576)</u>
 <u>Culture and Recreation</u>				
Parks, Sports and Recreation	460,181	460,181	449,663	10,518
Public Library	273,921	273,921	265,316	8,605
<u>Total Culture and Recreation</u>	<u>734,102</u>	<u>734,102</u>	<u>714,979</u>	<u>19,123</u>
 <u>Capital Outlay, Debt Service</u>				
Capital Lease Payments	120,000	120,000	119,996	4
Fleet Replacement - General	657,000	657,000	380,034	276,966
Machinery and Equipment	-	-	-	-
<u>Total Capital Outlay</u>	<u>777,000</u>	<u>777,000</u>	<u>500,030</u>	<u>276,970</u>
 <u>APPROPRIATED RESERVES</u>	-	-	-	-
 <u>TOTAL EXPENDITURES</u>	<u>13,369,935</u>	<u>13,719,935</u>	<u>11,718,927</u>	<u>2,001,008</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(1,720,627)</u>	<u>29,373</u>	<u>2,520,856</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	1,063,627	1,063,627	1,063,627	-
Operating Transfers Out	-	(208,361)	(208,361)	-
<u>Total Other Financing Sources (Uses)</u>	<u>1,063,627</u>	<u>855,266</u>	<u>855,266</u>	<u>-</u>
 <u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(657,000)</u>	<u>884,639</u>	<u>3,376,122</u>	
 <u>FUND BALANCE, January 1</u>	<u>9,764,531</u>	<u>9,764,531</u>	<u>10,185,847</u>	
 <u>FUND BALANCE, December 31</u>	<u>9,107,531</u>	<u>10,649,170</u>	<u>13,561,969</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales Taxes	1,970,000	2,150,000	2,169,520	19,520
Grants	2,415,160	2,415,160	2,301,787	(113,373)
Interest	7,800	7,800	12,672	4,872
Other	<u>50,000</u>	<u>50,000</u>	<u>10,017</u>	<u>(39,983)</u>
<u>Total Revenues</u>	<u>4,442,960</u>	<u>4,622,960</u>	<u>4,493,996</u>	<u>(128,964)</u>
<u>EXPENDITURES</u>				
Capital Projects	<u>9,209,700</u>	<u>9,409,700</u>	<u>6,385,767</u>	<u>3,023,933</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(4,766,740)</u>	<u>(4,786,740)</u>	<u>(1,891,771)</u>	
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	200,000	200,000	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	<u>(4,766,740)</u>	<u>(4,586,740)</u>	<u>(1,691,771)</u>	
<u>FUND BALANCE – Beginning</u>	<u>4,962,630</u>	<u>4,962,630</u>	<u>5,782,912</u>	
<u>FUND BALANCE – Ending</u>	<u>195,890</u>	<u>375,890</u>	<u>4,091,141</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, 2019

**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]

	2019	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	1.1711%	1.1290%	1.3955%	1.3724%	1.3705%	1.1041%
Department's proportionate share of the net pension liability/(asset)	\$(161,646)	\$(220,754)	\$(151,899)	\$(139,809)	\$(162,540)	\$(115,618)
Department's covered payroll	\$ 198,207	\$ 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 payroll	81.55%	124.19%	92.4%	83.9%	100.6%	82.8%
Plan fiduciary net position as a percentage of the total pension liability	123.46%	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]

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$20,812	\$18,664	\$17,263	\$17,480	\$16,965	\$14,248
Contributions in relation to the contractually required contribution	\$20,812	\$18,664	\$17,263	\$17,480	\$16,965	14,248
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Department's covered payroll	\$198,207	\$177,757	\$164,407	\$166,476	\$161,573	\$136,034
Contributions as a percentage of covered payroll	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

**Notes to Required Supplementary Information
 For the Year Ended December 31, 2019**

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, 2019

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]

	2019	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	.11160%	.11951%	.1526%	.1468%	.1438%	.1395%
Department's proportionate share of the net pension liability/(asset)	\$141,093	\$(171,940)	\$55,142	\$(2,589)	\$(162,242)	\$(124,772)
Department's covered payroll	\$735,157	\$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 payroll	19.19%	28.19%	7.69%	.004%	28.5%	24.2%
Plan fiduciary net position as a percentage of the total pension liability	95.2%	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]

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$65,313	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contributions in relation to the contractually required contribution	\$65,313	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Department's covered payroll	\$735,157	\$609,801	\$568,978	\$621,778	\$568,414	\$514,585
Contributions as a percentage of covered payroll	8.9%	8.9%	8.9%	9.2%	9.1%	9.4%

Notes to Required Supplementary Information
for the Year Ended December 31, 2019

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	-	-	-	-	-
Interest on the Total Pension Liability	68,458	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	(100,986)	(104,242)	(108,992)	(122,872)	(124,229)
Net Change in Total Pension Liability	(32,528)	(267,445)	(19,321)	(2,226)	(32,514)
Total Pension Liability – Beginning	<u>962,356</u>	<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>929,828</u>	<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	72,529	72,428	78,695	75,199
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	512	85,284	31,425	11,624	42,816
Benefit Payments	(100,986)	(104,242)	(108,992)	(122,872)	(124,229)
Pension Plan Administrative Expense	(4,081)	(1,628)	(3,062)	(1,255)	(4,362)
Net Change in Plan Fiduciary Net Position	(32,026)	51,943	(8,201)	(33,808)	(10,576)
Plan Fiduciary Net Position – Beginning	<u>649,828</u>	<u>597,885</u>	<u>606,086</u>	<u>639,894</u>	<u>650,470</u>
Plan Fiduciary Net Position – Ending	<u>617,802</u>	<u>649,828</u>	<u>597,885</u>	<u>606,086</u>	<u>639,894</u>
Net Pension Liability/(Asset) – Ending	312,026	312,528	631,916	643,036	611,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.44%	67.52%	48.62%	48.52%	51.14%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	-	-	-	-	-
Interest on the Total Pension Liability	6,711	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	(14,919)	(17,624)	(18,525)	(18,525)	(18,525)
Net Change in Total Pension Liability	(8,208)	(15,619)	(10,024)	8,320	(9,905)
Total Pension Liability – Beginning	<u>96,802</u>	<u>112,421</u>	<u>122,445</u>	<u>114,125</u>	<u>124,030</u>
Total Pension Liability – Ending	<u>88,594</u>	<u>96,802</u>	<u>112,421</u>	<u>122,445</u>	<u>114,125</u>
Plan Fiduciary Net Position					
Employer Contributions	13,070	13,070	8,031	8,566	6,424
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	99	4,984	2,079	1,049	4,176
Benefit Payments	(14,919)	(17,624)	(18,525)	(18,525)	(18,525)
Pension Plan Administrative Expense	(3,616)	(1,440)	(1,941)	(443)	(3,232)
Net Change in Plan Fiduciary Net Position	(5,366)	(1,010)	(10,356)	(9,353)	(11,157)
Plan Fiduciary Net Position – Beginning	<u>36,306</u>	<u>37,316</u>	<u>47,672</u>	<u>57,025</u>	<u>68,182</u>
Plan Fiduciary Net Position – Ending	<u>30,940</u>	<u>36,306</u>	<u>37,316</u>	<u>47,672</u>	<u>57,025</u>
Net Pension Liability/(Asset) – Ending	57,654	60,496	75,105	74,773	57,100
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	34.92%	37.50%	33.19%	38.93%	49.97%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	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)

<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>
2018	72,529	72,529	-	N/A	N/A
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)

<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>
2018	13,070	13,070	-	N/A	N/A
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

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, 2018, determines the contribution amounts for 2019 and 2020.

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: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

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: FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

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, 2019

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>ASSETS</u>			
Cash	149,850	95,211	245,061
Accrued Interest	-	-	-
Tax Receivable	<u>71,334</u>	<u>-</u>	<u>71,334</u>
<u>Total Assets</u>	<u>221,184</u>	<u>95,211</u>	<u>316,395</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES</u>			
Due To Other Funds	-	-	-
Accounts Payable	3,031	102	3,133
Accrued Salary & Benefits	<u>2,481</u>	<u>-</u>	<u>2,481</u>
<u>Total Liabilities</u>	<u>5,512</u>	<u>102</u>	<u>5,614</u>
<u>FUND BALANCES</u>			
Restricted:			
Parks and Recreation	-	95,109	95,109
Assigned:			
Tourism Promotion	<u>215,672</u>	<u>-</u>	<u>215,672</u>
<u>Total Fund Balances</u>	<u>215,672</u>	<u>95,109</u>	<u>310,781</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>221,184</u>	<u>95,211</u>	<u>316,395</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, 2019

	Special Revenue		
	Tourism Fund	Lottery Fund	Nonmajor Governmental Funds
<u>REVENUES</u>			
Lodger Tax	337,344	-	337,344
State Shared – Lottery	-	93,047	93,047
Grants	10,000	-	10,000
Interest	36	91	127
Other Revenue	2	-	2
<u>Total Revenues</u>	<u>347,382</u>	<u>93,138</u>	<u>440,520</u>
 <u>EXPENDITURES</u>			
Tourism Promotion	288,504	-	288,504
Parks and Recreation	-	82,224	82,224
Capital Projects	-	-	-
<u>Total Expenditures</u>	<u>288,504</u>	<u>82,224</u>	<u>370,728</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>58,878</u>	<u>10,914</u>	<u>69,792</u>
 <u>Other Financing Sources (Uses)</u>			
Transfers	-	8,361	8,361
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>8,361</u>	<u>8,361</u>
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>58,878</u>	<u>19,275</u>	<u>78,153</u>
 <u>FUND BALANCE, January 1</u>	<u>156,794</u>	<u>75,834</u>	<u>232,628</u>
 <u>FUND BALANCE, December 31</u>	<u>215,672</u>	<u>95,109</u>	<u>310,781</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lodger Tax	300,000	300,000	337,344	37,344
Grants	-	10,000	10,000	-
Interest	12	12	36	24
Other	-	-	2	2
<u>Total Revenues</u>	<u>300,012</u>	<u>310,012</u>	<u>347,382</u>	<u>37,370</u>
 <u>EXPENDITURES</u>				
Tourism Promotion	<u>298,086</u>	<u>308,086</u>	<u>288,504</u>	<u>19,582</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>1,926</u>	<u>1,926</u>	<u>58,878</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	<u>1,926</u>	<u>1,926</u>	<u>58,878</u>	
 <u>FUND BALANCE, January 1</u>	<u>171,264</u>	<u>171,264</u>	<u>156,794</u>	
<u>FUND BALANCE, December 31</u>	<u>173,190</u>	<u>173,190</u>	<u>215,672</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lottery – State Shared	80,000	80,000	93,047	13,047
Interest	45	45	91	46
<u>Total Revenues</u>	<u>80,045</u>	<u>80,045</u>	<u>93,138</u>	<u>13,093</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>98,000</u>	<u>98,000</u>	<u>82,224</u>	<u>15,776</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(17,955)	(17,955)	10,914	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In (Out)	-	<u>8,361</u>	<u>8,361</u>	-
<u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	(17,955)	(9,594)	19,275	
<u>FUND BALANCE, January 1</u>	<u>17,955</u>	<u>17,955</u>	<u>75,834</u>	
<u>FUND BALANCE, December 31,</u>	<u>-</u>	<u>8,361</u>	<u>95,109</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	3,124,000	3,124,000	3,415,752	291,752
Other	5,000	5,000	5,480	480
<u>Total Operating Revenue</u>	<u>3,129,000</u>	<u>3,129,000</u>	<u>3,421,232</u>	<u>292,232</u>
<u>OPERATING EXPENSES</u>				
General Operations	829,891	829,891	756,298	73,593
Regulating Stations	6,000	6,000	4,168	1,832
Distribution Mains	112,760	112,760	113,067	(307)
Gas Purchases	1,800,000	1,800,000	1,540,309	259,691
<u>Total Operating Expenses</u>	<u>2,748,651</u>	<u>2,748,651</u>	<u>2,413,842</u>	<u>334,809</u>
<u>OPERATING INCOME</u>	<u>380,349</u>	<u>380,349</u>	<u>1,007,390</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	(40,825)	(40,825)
Capital Outlay	(3,176,338)	(3,176,338)	(1,104,890)	2,071,448
Debt Principal	(1,236,459)	(1,236,459)	(38,370)	1,198,089
Interest Income	16,000	16,000	25,058	9,058
State Grant	-	457,566	359,037	(98,529)
<u>Total Other Revenues (Expenses)</u>	<u>(4,396,797)</u>	<u>(3,939,231)</u>	<u>(799,990)</u>	<u>3,139,241</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(4,016,448)</u>	<u>(3,558,882)</u>	<u>207,400</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(300,158)	(300,158)	(300,158)	-
<u>Total Operating Transfers</u>	<u>(300,158)</u>	<u>(300,158)</u>	<u>(300,158)</u>	<u>-</u>
<u>NET INCOME (LOSS) – (NON GAAP)</u>	<u>(4,316,606)</u>	<u>(3,859,040)</u>	<u>(92,758)</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	1,236,459	1,236,459	38,370	
Capital Outlay	3,176,338	3,176,338	1,104,890	
<u>Total Reconciling Items</u>	<u>4,412,797</u>	<u>4,412,797</u>	<u>1,143,260</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>96,191</u>	<u>553,757</u>	<u>1,050,502</u>	
<u>NET POSITION, Beginning</u>	<u>7,454,461</u>	<u>7,454,461</u>	<u>6,352,293</u>	
<u>NET POSITION, Ending</u>	<u>7,550,652</u>	<u>8,008,218</u>	<u>7,402,795</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	7,737,689	7,737,689	7,715,319	(22,370)
Other	10,000	10,000	50,150	40,150
<u>Total Operating Revenue</u>	<u>7,747,689</u>	<u>7,747,689</u>	<u>7,765,469</u>	<u>17,780</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,584,369	1,584,369	1,524,875	59,494
Purchased Power and Generation	5,810,000	5,810,000	5,779,457	30,543
Power Plant	24,375	24,375	29,106	(4,731)
Distribution Operations	135,658	135,658	163,371	(27,713)
Distribution System Maintenance	-	-	-	-
<u>Total Operating Expenses</u>	<u>7,554,402</u>	<u>7,554,402</u>	<u>7,496,809</u>	<u>57,593</u>
<u>OPERATING INCOME</u>	<u>193,287</u>	<u>193,287</u>	<u>268,660</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Principal Paid	(77,854)	(77,854)	(67,807)	10,047
Interest Expense	(64,335)	(64,335)	(77,462)	(13,127)
Capital Outlay	(1,698,498)	(1,698,498)	(1,381,319)	317,179
Lease Purchase Proceeds	168,500	168,500	168,500	-
Interest Income	13,000	13,000	21,051	8,051
<u>Total Other Revenues (Expenses)</u>	<u>(1,659,187)</u>	<u>(1,659,187)</u>	<u>(1,337,037)</u>	<u>322,150</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(1,465,900)</u>	<u>(1,465,900)</u>	<u>(1,068,377)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(455,086)	(455,086)	(455,086)	-
<u>Total Operating Transfers</u>	<u>(455,086)</u>	<u>(455,086)</u>	<u>(455,086)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(1,920,986)</u>	<u>(1,920,986)</u>	<u>(1,523,463)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Lease Purchase Proceeds	(168,500)	(168,500)	(168,500)	
Debt Principal	77,854	77,854	67,807	
Capital Outlay	1,698,498	1,698,498	1,381,319	
<u>Total Reconciling Items</u>	<u>1,607,852</u>	<u>1,607,852</u>	<u>1,280,626</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(313,134)</u>	<u>(313,134)</u>	<u>(242,837)</u>	
<u>NET POSITION, Beginning</u>	<u>3,926,423</u>	<u>3,926,423</u>	<u>2,604,231</u>	
<u>NET POSITION, Ending</u>	<u>3,613,289</u>	<u>3,613,289</u>	<u>2,361,394</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	2,413,173	2,413,173	2,316,881	(96,292)
Other	329,000	329,000	615,663	286,663
<u>Total Operating Revenue</u>	<u>2,742,173</u>	<u>2,742,173</u>	<u>2,932,544</u>	<u>190,371</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,889,421	1,889,421	1,932,180	(42,759)
Water Transmission System	54,150	54,150	33,170	20,980
Water Distribution	482,175	482,175	354,265	127,910
Madrid Chlorination	1,250	1,250	517	733
Water Filtration Plant	143,000	143,000	126,009	16,991
North Lake	12,300	12,300	14,297	(1,997)
Monument Lake	13,500	13,500	13,613	(113)
<u>Total Operating Expenses</u>	<u>2,595,796</u>	<u>2,595,796</u>	<u>2,474,051</u>	<u>121,745</u>
<u>OPERATING INCOME</u>	<u>146,377</u>	<u>146,377</u>	<u>458,493</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	(88,081)	(88,081)	(83,275)	4,806
Capital Outlay	(5,398,122)	(5,398,122)	(2,482,505)	2,915,617
Principal Paid	(106,592)	(106,592)	(78,267)	28,325
Interest Income	37,000	37,000	60,198	23,198
Grants and Contributions	1,000,000	1,000,000	292,071	(707,929)
<u>Total Other Revenues (Expenses)</u>	<u>(4,555,795)</u>	<u>(4,555,795)</u>	<u>(2,291,778)</u>	<u>2,264,017</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(4,409,418)</u>	<u>(4,409,418)</u>	<u>(1,833,285)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(206,470)	(206,470)	(206,470)	-
<u>Total Operating Transfers</u>	<u>(206,470)</u>	<u>(206,470)</u>	<u>(206,470)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(4,615,888)</u>	<u>(4,615,888)</u>	<u>(2,039,755)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Principal Paid	106,592	106,592	78,267	
Capital Outlay	5,398,122	5,398,122	2,482,505	
<u>Total Reconciling Items</u>	<u>5,504,714</u>	<u>5,504,714</u>	<u>2,560,772</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>888,826</u>	<u>888,826</u>	<u>521,017</u>	
<u>NET POSITION, Beginning</u>	<u>22,074,335</u>	<u>22,074,335</u>	<u>19,673,322</u>	
<u>NET POSITION, Ending</u>	<u>22,963,161</u>	<u>22,963,161</u>	<u>20,194,339</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	1,836,000	2,036,000	1,825,095	(210,905)
Other	2,500	2,500	4,706	2,206
<u>Total Operating Revenue</u>	<u>1,838,500</u>	<u>2,038,500</u>	<u>1,829,801</u>	<u>(208,699)</u>
<u>OPERATING EXPENSES</u>				
General Operations	537,273	537,273	476,939	60,334
Treatment Plant	1,250,526	1,250,526	1,247,968	2,558
Collection	-	-	24,063	(24,063)
<u>Total Operating Expenses</u>	<u>1,787,799</u>	<u>1,787,799</u>	<u>1,748,970</u>	<u>38,829</u>
<u>OPERATING INCOME</u>	<u>50,701</u>	<u>250,701</u>	<u>80,831</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(577,000)	(577,000)	(404,412)	172,588
Debt Principal	-	-	-	-
Interest Income	4,100	4,100	4,560	460
Grants and Contributions	-	-	218,935	218,935
<u>Total Other Revenues (Expenses)</u>	<u>(572,900)</u>	<u>(572,900)</u>	<u>(180,917)</u>	<u>391,983</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(522,199)</u>	<u>(322,199)</u>	<u>(100,086)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(101,913)	(101,913)	(101,913)	-
<u>Total Operating Transfers</u>	<u>(101,913)</u>	<u>(101,913)</u>	<u>(101,913)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(624,112)</u>	<u>(424,112)</u>	<u>(201,999)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Debt Principal	-	-	-	-
Capital Outlay	577,000	577,000	404,412	-
<u>Total Reconciling Items</u>	<u>577,000</u>	<u>577,000</u>	<u>404,412</u>	<u>-</u>
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(47,112)</u>	<u>152,888</u>	<u>202,413</u>	
<u>NET POSITION, Beginning</u>	<u>6,591,002</u>	<u>6,591,002</u>	<u>6,763,253</u>	
<u>NET POSITION, Ending</u>	<u>6,543,890</u>	<u>6,743,890</u>	<u>6,965,666</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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF TRINIDAD
		YEAR ENDING : December 31, 2019
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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	90,729
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	813,112
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	162,623
2. General fund appropriations	1,071,172	b. Snow and ice removal	325,245
3. Other local imposts (from page 2)	451,477	c. Other	
4. Miscellaneous local receipts (from page 2)	28,943	d. Total (a. through c.)	487,868
5. Transfers from toll facilities		4. General administration & miscellaneous	19,959
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	554,201
a. Bonds - Original Issues		6. Total (1 through 5)	1,965,869
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,551,592	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	414,277	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,965,869	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,965,869

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,965,869	1,965,869		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2019

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,148
1. Sales Taxes	58,247	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	16,795
5. Specific Ownership &/or Other	393,230	g. Other Misc. Receipts	
6. Total (1. through 5.)	451,477	h. Other	
c. Total (a. + b.)	451,477	i. Total (a. through h.)	28,943
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	384,733	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	29,544	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	29,544	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	414,277	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		11,582	11,582
c. Construction:			
(1). New Facilities		-	0
(2). Capacity Improvements		-	0
(3). System Preservation		79,147	79,147
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	79,147	79,147
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	90,729	90,729
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Trinidad as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of Trinidad's basic financial statements, and have issued our report thereon dated June 15, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dixon, Waller & Co., Inc.

June 15, 2020

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited City of Trinidad's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Trinidad's major federal programs for the year ended December 31, 2019. City of Trinidad's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Trinidad complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

DeFon, Waller & Co., Inc.

June 15, 2020

CITY OF TRINIDAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the financial statements of City of Trinidad.

Internal Control Over Financial Reporting

There were no significant deficiencies or material weaknesses identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of City of Trinidad were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified opinion has been issued on City of Trinidad compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Community Development Block Grants CFDA # 14.228

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as Low-Risk Auditee

City of Trinidad did not qualify as a low-risk auditee for the fiscal year ended December 31, 2019.

CITY OF TRINIDAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF TRINIDAD, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

NONE

CITY OF TRINIDAD, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2019

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
Highway Planning and Construction Cluster-Cluster				
Department of Transportation				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	Colorado Dept. of Transportation (Grant: Regional Wayfinding)		39,920
Highway Planning and Construction	20.205	Colorado Dept. of Transportation (Grant: Old Sopris Trail)		<u>197,185</u>
Total Highway Planning and Construction				<u>237,105</u>
Total Department of Transportation				<u>237,105</u>
Total Highway Planning and Construction Cluster-Cluster				<u>237,105</u>
 Highway Safety Cluster-Cluster				
Department of Transportation				
National Priority Safety Programs:				
National Priority Safety Programs	20.616	Colorado Dept. of Transportation		<u>500</u>
Total Highway Safety Cluster-Cluster				<u>500</u>
Total Department of Transportation				<u>237,605</u>
 Fish and Wildlife Cluster-Cluster				
Department of the Interior				
Sport Fish Restoration:				
Sport Fish Restoration	15.605	Colorado Department of Natural Resources		<u>1,980</u>
Total Department of the Interior				<u>1,980</u>
Total Fish and Wildlife Cluster-Cluster				<u>1,980</u>

The accompanying notes are an integral part of this schedule.

CITY OF TRINIDAD, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2019

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
Other Programs				
Department of the Interior				
Minerals Leasing Act	15.437	Colorado Department of Local Affairs		<u>4,675</u>
Water SMART (Sustaining and Manage America's Resources for Tomorrow)	15.507			<u>74,500</u>
Total Department of the Interior				<u>79,175</u>
United States Department of Justice				
Bulletproof Vest Partnership Program	16.607			<u>256</u>
Total United States Department of Justice				<u>256</u>
United States Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			<u>109,332</u>
Total United States Environmental Protection Agency				<u>109,332</u>
Department of Housing and Urban Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Colorado Department of Local Affairs		<u>600,000</u>
Total Department of Housing and Urban Development				<u>600,000</u>
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003	Colorado State Archives		<u>3,195</u>
Total National Archives and Records Administration				<u>3,195</u>
United States Department of Agriculture				
Cooperative Forestry Assistance	10.664	Colorado State Forest Service		<u>3,185</u>
Total United States Department of Agriculture				<u>3,185</u>
Total Other Programs				<u>795,143</u>
Total Expenditures of Federal Awards				<u>\$1,034,728</u>

The accompanying notes are an integral part of this schedule.

CITY OF TRINIDAD, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Trinidad and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 PAYMENTS TO SUBRECIPIENTS

The City of Trinidad made no awards of federal financial assistance to sub-recipients in the year ended December 31, 2019.

NOTE 3 INDIRECT COSTS

The City of Trinidad elected not to use the 10 percent de minimus indirect cost rate allowed by Uniform Guidance.