

**City of Leadville, Colorado  
Financial Statements  
December 31, 2016**



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Financial Statements  
December 31, 2016**

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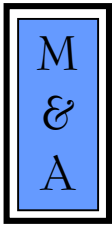
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Financial Statements  
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**Supplementary Information:**

Local Highway Finance Report

F1 – F2



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the City of Leadville, Colorado (the "City"), as of and for the year ended December 31, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Leadville, Colorado as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

*Member: American Institute of Certified Public Accountants*

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

**Other Matters**

U. S. generally accepted accounting principles require that the Management's Discussion and Analysis in Section B and the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions in Section E, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B and the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions in Section E in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules in section E are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

**McMahan and Associates, L.L.C.**  
**September 20, 2017**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# City of Leadville, Colorado

## Management's Discussion and Analysis

### December 31, 2016

As management of the City of Leadville, Colorado, (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016.

#### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

## Overview of the Financial Statements (continued)

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

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

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

### Government-wide Financial Analysis:

The following chart shows the City's assets, liabilities, and net position at December 31, 2016 and 2015:

	<u>12/31/16</u>	<u>12/31/15</u>
<b>Assets:</b>		
Current and other assets	2,366,242	2,700,403
Capital assets, net	<u>2,521,122</u>	<u>1,659,330</u>
<b>Total Assets</b>	<u>4,887,364</u>	<u>4,359,733</u>
<b>Deferred Outflows of Resources:</b>		
Pension related deferred outflows	<u>287,608</u>	<u>82,816</u>
<b>Total Deferred Outflows of Resources</b>	<u>287,608</u>	<u>82,816</u>
<b>Liabilities:</b>		
Other liabilities	294,973	469,610
Long-term liabilities	<u>414,170</u>	<u>267,039</u>
<b>Total Liabilities</b>	<u>709,143</u>	<u>736,649</u>
<b>Deferred Inflows of Resources:</b>		
Pension related deferred inflows	6,977	8,154
Unavailable revenue	<u>382,813</u>	<u>382,411</u>
<b>Total Deferred Inflows of Resources</b>	<u>389,790</u>	<u>390,565</u>
<b>Net Position:</b>		
Net investment in capital assets	2,262,112	1,487,029
Restricted for emergencies	76,000	66,000
Unrestricted	<u>1,737,927</u>	<u>1,762,306</u>
<b>Total Net Position</b>	<u>4,076,039</u>	<u>3,315,335</u>



## Overview of the Financial Statements (continued)

Total assets of the City increased \$527,631 during the past year. Cash and investments decreased \$18,403 during the past year and corresponds to cash flows for the receivables and payables. Capital assets increased by \$861,792 during the past year. This net increase in capital assets is comprised of capital additions of \$1,351,399 less disposals of \$753,711 and depreciation of \$222,810. Capital asset additions during the past year were related primarily to the purchase of equipment for the police and fire departments.

Total liabilities of the City decreased \$27,506 from the previous year. This decrease is related to the net pension liability, the lease purchase of the public safety equipment, and the change in accrued compensated absences. In accordance with generally accepted accounting principles, assessed but uncollected property taxes (i.e., taxes that will be collected in the subsequent year) are recorded as a receivable and as deferred inflow of resources on the City's financial statements. The accruals for property taxes are relatively flat year over year given no significant change in the property valuations in a non-valuation period.

Long-term liabilities are comprised of accrued compensated absences, net pension liability for the Fire's Old Hire defined benefit plan and capital leases. Accrued compensated absences increased \$42,548 between 2015 and 2016. Another change to liabilities is the net pension liability which increased \$25,453. Additionally, the City entered into a capital lease in 2016 in the amount of \$161,804 for the purchase of police equipment.

Approximately 55% of the City's net position reflects its investment in capital assets (i.e. land, infrastructure, buildings, vehicles, and equipment less accumulated depreciation and related debt), representing a 52% increase from 2015. The City uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position of \$1,813,927, \$76,000 has been restricted for emergencies. The remaining balance of \$1,737,927 may be used to meet the City's ongoing obligations relating to its operations.

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

## Overview of the Financial Statements (continued)

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

	<u>2016</u>	<u>2015</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	331,731	264,579
Operating grants and contributions	1,264,189	935,097
Capital grants and contributions	634,303	181,762
General revenues:		
Property taxes	384,298	363,738
Sales taxes	1,216,958	1,345,434
Other taxes	199,110	276,929
Loss on disposal of capital assets	-	3,900
Interest and other revenue	31,556	31,942
<b>Total Revenues</b>	<u>4,062,145</u>	<u>3,403,381</u>
<b>Expenses:</b>		
General government	577,560	586,098
Cultural enhancement	42,520	-
Judicial	20,684	17,672
Parks and recreation	19,809	29,303
Public safety	2,133,952	1,696,435
Public works	506,916	494,341
<b>Total Expenses</b>	<u>3,301,441</u>	<u>2,823,849</u>
<b>Change in Net Position</b>	760,704	579,532
<b>Net Position - Beginning (as restated)</b>	<u>3,315,335</u>	<u>2,735,803</u>
<b>Net Position - Ending</b>	<u>4,076,039</u>	<u>3,315,335</u>

## Overview of the Financial Statements (continued)

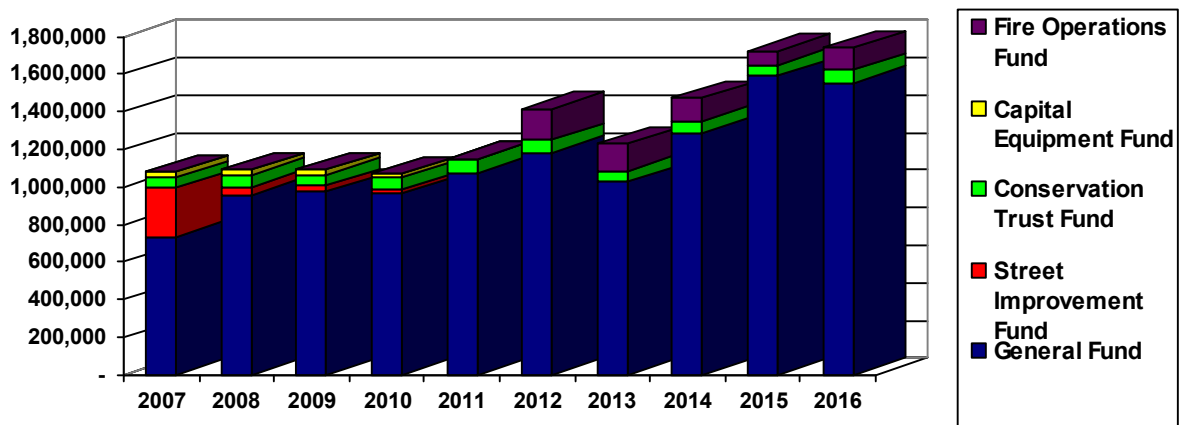
The City's net position increased \$760,706 during 2016. Key elements of the change in net position are as follows:

- Sales tax collections decreased \$128,476, 10%, as 2015 reflected a one-time collection of multiple years taxes as a result of Colorado Department of Revenue audit.
- Capital grants and contributions increased \$452,541, 249% with the receipt of the grants for purchase of the Tabor Opera House and capital contributions from Lake County for the purchase of fire apparatus.

## Financial Analysis of the City's Funds

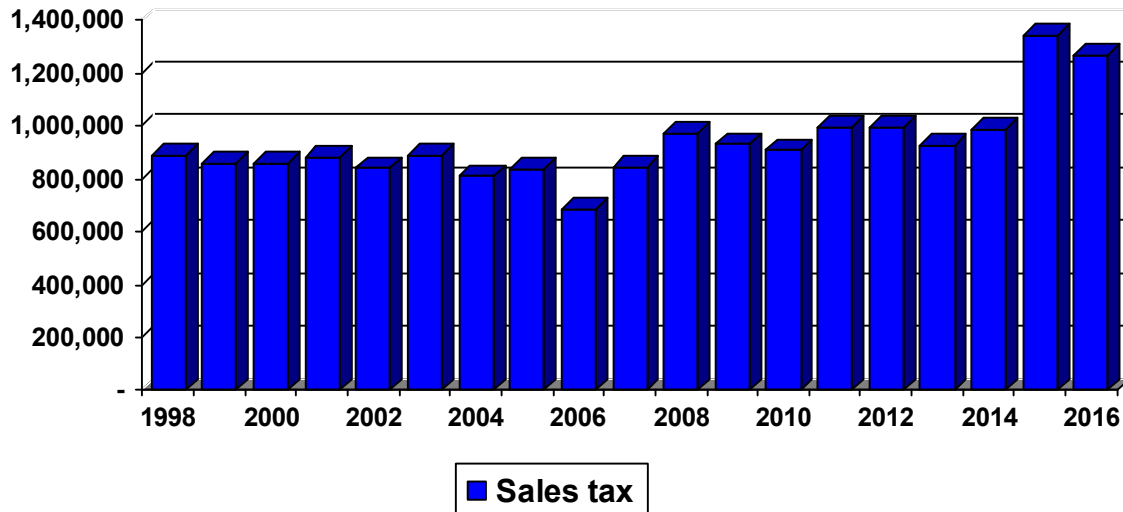
**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,743,014, an increase of \$20,658 from the prior year ending fund balances. Unrestricted balances at December 31, 2016 were equal to 34% of aggregate 2016 expenditures, which represents a 13% decrease from the percentage reported for 2015. Aggregate City fund balances for the past ten years are presented in graph below. Note in 2011 the Capital Equipment and Street Improvement Funds were closed into the General Fund due to reporting requirements.



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

**Sales Tax:** The City's main funding source is sales tax. The decreased in sales tax from 2015 was \$128,476 and was primarily the result of the 2015 payment by a vender for multiple years sales tax as determined by a Colorado Department of Revenue audit. The following chart indicates changes in the sales taxes.



As mentioned on page 2 of this analysis, the City uses fund accounting to ensure and demonstrate compliance with State budget statutes.

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

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
<b>Revenues:</b>		
Sales tax	152,158	Tourism activity higher than anticipated.
Intergovernmental Grant Revenue	304,391	State grants for the purchase of the Tabor Opera House.
Donations and contributions	301,217	Private grants for the purchase of the Tabor Opera House.
<b>Expenditures:</b>		
General operating	101,253	Conservative budgeting and cost cutting measures.
Police Department	(222,884)	Increased overtime due to staffing, increased health insurance costs and unbudgeted capital outlay for non-cash purchases via capital lease purchases.

## **Capital Assets and Debt Administration**

**Capital Assets:** The City's capital assets increased by approximately \$861,792 during the past fiscal year. Additional information as well as a detailed classification of the City's capital assets can be found in the Notes to the Financial Statements in section D of this report.

**Long-term Debts:** The City's long-term debt obligations increased \$147,131 at year-end for the net pension liability increase of approximately \$25,450, new capital lease of approximately \$161,800, and an increase in accrued compensated absences of approximately \$42,550 offset by principal payments of approximately \$75,100. Additional information can be found in the Notes to the Financial Statements on section D of this report.

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

The City's General Fund balance at the end of the current fiscal year was \$1,552,142. The City's 2017 General Fund budget anticipates expenditures to exceed revenues by \$153,000

### **Request for Information**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Leadville, Colorado**  
**Statement of Net Position**  
**Governmental Activities**  
**December 31, 2016**

**Assets:**

Cash and Cash Equivalents:	
Unrestricted	1,310,751
Restricted	338,878
Receivables, net:	
Property taxes	376,313
Other	27,288
Intergovernmental	271,017
Prepaid expenses	16,021
Property held for resale	23,500
Net Pension Assets:	
Cost share plan - Fire	1,536
Cost share plan - Police	938
Capital Assets, not being depreciated	43,608
Depreciable capital assets, net	2,477,514
<b>Total Assets</b>	<u>4,887,364</u>

**Deferred Outflows of Resources:**

Pension related deferred outflows:	
Cost share plan - Fire	161,924
Cost share plan - Police	108,292
Agent plan - Fire "Old Hire"	17,392
<b>Total Deferred Outflows of Resources</b>	<u>287,608</u>

**Liabilities:**

Accounts payable	48,506
Accrued payroll	90,106
Accrued expenses	97,272
Deposits	2,057
Accrued compensated absences:	
Due in more than one year	84,426
Net Pension Liability:	
Agent plan - Fire "Old Hire"	127,766
Debt payable:	
Due within one year	57,032
Due in more than one year	201,978
<b>Total Liabilities</b>	<u>709,143</u>

**Deferred Inflows of Resources:**

Pension related deferred inflows:	
Cost share plan - Fire	5,869
Cost share plan - Police	1,108
Deferred grant revenue:	6,500
Unavailable property tax revenue	376,313
<b>Total Deferred Inflows of Resources</b>	<u>389,790</u>

**Net Position:**

Net investment in capital assets	2,262,112
Restricted for emergencies	76,000
Restricted for net pension assets	2,474
Unrestricted	1,735,453
<b>Total Net Position</b>	<u>4,076,039</u>

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

**City of Leadville, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Change in Net Position</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
Governmental activities:					
General government	577,560	103,557	299,350	-	(174,653)
Cultural enhancement	42,520	28,481	4,749	299,538	290,248
Judicial	20,684	11,535	-	-	(9,149)
Parks and recreation	19,809	-	28,989	-	9,180
Public safety	2,133,952	183,838	797,789	334,765	(817,560)
Public works	506,916	4,320	133,312	-	(369,284)
<b>Total Governmental Activities</b>	<b>3,301,441</b>	<b>331,731</b>	<b>1,264,189</b>	<b>634,303</b>	<b>(1,071,218)</b>
		<b>General Revenues:</b>			
		Sales taxes			1,216,958
		Property taxes			384,298
		Specific ownership taxes			17,518
		Franchise taxes			123,072
		Other taxes			58,520
		Interest earnings			6,019
		Miscellaneous revenues			25,537
		<b>Total General Revenues and Special Item</b>			<b>1,831,922</b>
		<b>Change in Net Position</b>			<b>760,704</b>
		<b>Net Position - Beginning</b>			<b>3,315,335</b>
		<b>Net Position - Ending</b>			<b>4,076,039</b>

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



FUND FINANCIAL STATEMENTS



**City of Leadville, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

	<u>General</u>	<u>Conservation Trust</u>	<u>Fire Operations</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents:				
Unrestricted	1,206,239	69,396	35,116	1,310,751
Restricted	338,878	-	-	338,878
Property taxes assessed but not collectible until subsequent year	376,313	-	-	376,313
Other receivables	27,288	-	-	27,288
Due from other Governments	88,629	-	182,388	271,017
Due from other funds	50,254	-	-	50,254
Prepaid expenses	16,021	-	-	16,021
Property held for resale	23,500	-	-	23,500
<b>Total Assets</b>	<u>2,127,122</u>	<u>69,396</u>	<u>217,504</u>	<u>2,414,022</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	37,524	597	10,385	48,506
Accrued payroll	55,314	-	34,792	90,106
Accrued expenses	97,272	-	-	97,272
Due to other funds	-	-	50,254	50,254
Deposits	2,057	-	-	2,057
<b>Total Liabilities</b>	<u>192,167</u>	<u>597</u>	<u>95,431</u>	<u>288,195</u>
<b>Deferred Inflows of Resources:</b>				
Deferred grants revenue	6,500	-	-	6,500
Unavailable property tax revenue	376,313	-	-	376,313
<b>Total Deferred Inflow of Resources</b>	<u>382,813</u>	<u>-</u>	<u>-</u>	<u>382,813</u>
<b>Fund Balances:</b>				
Unspendable				
Prepaid expenses	16,021	-	-	16,021
Property held for sale	23,500	-	-	23,500
Restricted for:				
Emergencies	76,000	-	-	76,000
Fire operations	-	-	-	-
Recreation	-	68,799	-	68,799
Committed for:				
Capital equipment repair and replacement	-	-	58,482	58,482
Program and training costs	-	-	63,591	63,591
Unassigned:				
General Fund	1,436,621	-	-	1,436,621
<b>Total Fund Balances</b>	<u>1,552,142</u>	<u>68,799</u>	<u>122,073</u>	<u>1,743,014</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>2,127,122</u>	<u>69,396</u>	<u>217,504</u>	<u>2,414,022</u>

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

**City of Leadville, Colorado**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2016**

<b>Governmental Funds Total Fund Balance</b>		1,743,014
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, net		2,521,122
Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds.		
Net Pension Assets:		
Cost Share Plan - Fire	1,536	
Cost Share Plan - Police	938	2,474
Deferred Outflows of Resources:		
Cost Share Plan - Fire	161,924	
Cost Share Plan - Police	108,292	
Agent - Fire "Old Hire"	17,392	287,608
Long-term liabilities and deferred outflows are not due and payable in the current period, and therefore are not reported in the funds.		
Net Pension Liabilities:		
Agent - Fire "Old Hire"		(127,766)
Deferred inflows of resources:		
Cost Share Plan - Fire	(5,869)	
Cost Share Plan - Police	(1,108)	(6,977)
Accrued compensated absences	(84,426)	
Capital lease payable	(259,010)	(343,436)
<b>Net Position of Governmental Activities</b>		<u><u>4,076,039</u></u>

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

**City of Leadville, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2016**

	<u>General</u>	<u>Conservation Trust</u>	<u>Fire Operations</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	1,800,366	-	-	1,800,366
Licenses and permits	30,913	-	-	30,913
Intergovernmental revenue	477,820	28,989	774,592	1,281,401
Charges for services	82,417	-	122,506	204,923
Fines and forfeitures	57,870	-	-	57,870
Investment income	5,492	347	180	6,019
Donations and contributions	306,217	-	194	306,411
Other income	59,242	-	-	59,242
<b>Total Revenues</b>	<u>2,820,337</u>	<u>29,336</u>	<u>897,472</u>	<u>3,747,145</u>
<b>Expenditures:</b>				
General government	575,016	-	-	575,016
Cultural enhancement	32,506	-	-	32,506
Judicial	20,684	-	-	20,684
Parks and recreation	-	19,809	-	19,809
Public safety	967,594	-	1,149,531	2,117,125
Public works	415,768	-	-	415,768
Debt Service:				
Principal	75,094	-	-	75,094
Interest	9,348	-	-	9,348
Capital outlay	600,866	-	337,075	937,941
<b>Total Expenditures</b>	<u>2,696,876</u>	<u>19,809</u>	<u>1,486,606</u>	<u>4,203,291</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>123,461</u>	<u>9,527</u>	<u>(589,134)</u>	<u>(456,146)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	323,497	323,497
Transfers (out)	(323,497)	-	-	(323,497)
Lease proceeds	161,804	-	-	161,804
Capital contributions	-	-	315,000	315,000
<b>Total Other Financing Sources (Uses)</b>	<u>(161,693)</u>	<u>-</u>	<u>638,497</u>	<u>476,804</u>
<b>Net Change in Fund Balances</b>	<u>(38,232)</u>	<u>9,527</u>	<u>49,363</u>	<u>20,658</u>
<b>Fund Balances - Beginning</b>	<u>1,590,374</u>	<u>59,272</u>	<u>72,710</u>	<u>1,722,356</u>
<b>Fund Balances - Ending</b>	<u>1,552,142</u>	<u>68,799</u>	<u>122,073</u>	<u>1,743,014</u>

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

**City of Leadville, Colorado**  
**Reconciliation of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>20,658</b>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense during the year and includes assets contributed, traded in, and disposed of.	861,792
The issuance of long-term debt (i.e. capital leases) provides current financial resources to the governmental funds, however this transaction has no effect on net assets. This is the amount of capital lease proceeds.	(161,804)
The repayment of principal on long-term debt consumes the current financial resources of governmental funds. This is the amount of principal repayments reported in the governmental funds.	75,094
Changes in the District's net pension asset reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension asset during the year, including difference between employer contributions to the pension plan and amortization of pension-related deferrals	7,512
Some expenses reported in the Statement of Activities do not require the use of current financial resources. This is the change compensated absences.	<u>(42,548)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>760,704</u></u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

Based on these criteria, the City is not financially accountable for any other entity, nor is the City a component unit of any other government.

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

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

**1. Government-wide Financial Statements**

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

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

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

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

**2. Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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



**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

**3. Financial Statement Presentation**

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

**D. Financial Statement Accounts**

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

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

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The City's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

**2. Investments**

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. The City uses the allowance method for recognizing the potential uncollectibility of delinquent accounts receivable. At December 31, 2016, no allowance has been established, as all amounts are considered collectible.

**4. Property Taxes**

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

**5. Capital Assets**

Capital assets, which include land, infrastructure, buildings, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years with an initial cost of \$5,000 or more. Purchased assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

**6. Compensated Absences**

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item that qualifies for reporting in this category at December 31, 2016 deferred outflow related to its pension obligations which are further described at Notes F.1. and F.2.

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

**8. Pensions**

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

**9. Fund Balance**

The City classifies governmental fund balances as follows:

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

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

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

**9. Fund Balance (continued)**

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

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

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

**10. Interfund Transactions**

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

**11. Restricted Assets**

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

**E. Significant Accounting Policies**

**1. Use of Estimates**

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

**2. Restricted and Unrestricted Resources**

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

The governmental fund Balance Sheet includes a reconciliation between *governmental funds total fund balance* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$2,521,122 difference is related to capital assets of \$6,013,762 less accumulated depreciation of \$3,492,640.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense”. The details of this \$1,118,575 difference are capital outlay of \$1,351,399, including beginning balance for project in process of \$235,000, less depreciation expense of \$232,824.

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

**A. Budgetary Information**

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

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2016:

1. For the 2016 budget year, prior to August 25, 2015, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries. The County Assessor may change the assessed valuation on or before December 15, 2015, only once by a single notification to the City.
2. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2015, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2015, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After a required publication of “Notice of Proposed Budget”, the City adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

**A. Budgetary Information (continued)**

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

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year ended December 31, 2016 the City reported expenditures in excess of appropriations for the following funds:

Fund	Budget	Actual	Over Budget
Fire Operations Fund	1,196,698	1,486,606	289,908

This may be a violation of state statutes.

**B. TABOR Amendment**

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$76,000 for TABOR, which is the approximate required reserve at December 31, 2016.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

**B. TABOR Amendment (continued)**

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

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

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

**IV. Detailed Notes on all Funds**

**A. Deposits and Investments**

The City's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's cash and investments was \$1,649,629 at year end. The City had the following cash and investments with the following maturities at December 31, 2016:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
<i>Deposits:</i>				
Petty Cash	Not rated	\$ 385	\$ 385	\$ -
Checking	Not rated	1,581,348	1,581,348	-
Non-negotiable				
Certificate of deposit	Not rated	67,896	-	67,896
		<u>\$ 1,649,629</u>	<u>\$ 1,581,733</u>	<u>\$ 67,896</u>

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

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

*Credit Risk* - Colorado statutes specify instruments in which local governments may invest, including:

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

The City's general investment policy is to apply the prudent-person rule; Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**B. Restricted Cash**

Restricted cash and investments consisted of the following at December 31, 2016:

Bail bonds	\$	1,407
Court surcharge		1,586
Police Chief retirement obligation		335,885
<b>Total Restricted Cash</b>	<b>\$</b>	<b><u>338,878</u></b>

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 43,608	\$ -	\$ -	\$ 43,608
Work in Process	235,000	-	(235,000)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<u>278,608</u>	<u>-</u>	<u>(235,000)</u>	<u>43,608</u>
Capital assets, being depreciated:				
Infrastructure	484,283	-	-	484,283
Buildings	703,822	600,866	-	1,304,688
Equipment and vehicles	3,949,361	750,533	(518,711)	4,181,183
<b>Total Capital Assets Being Depreciated</b>	<u>5,137,466</u>	<u>1,351,399</u>	<u>(518,711)</u>	<u>5,970,154</u>
Less accumulated depreciation for:				
Infrastructure	(284,393)	(28,677)	-	(313,070)
Buildings	(645,870)	(13,591)	-	(659,461)
Equipment and vehicles	(2,826,481)	(190,556)	496,928	(2,520,109)
<b>Total Accumulated Depreciation</b>	<u>(3,756,744)</u>	<u>(232,824)</u>	<u>496,928</u>	<u>(3,492,640)</u>
<b>Total Capital Assets, Being Being Depreciated, Net</b>	<u>1,380,722</u>	<u>1,118,575</u>	<u>(21,783)</u>	<u>2,477,514</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 1,659,330</u>	<u>\$ 1,118,575</u>	<u>\$ (256,783)</u>	<u>\$ 2,521,122</u>



**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

**C. Capital Assets (continued)**

The City had capital outlay expenditures and depreciation expense for 2016 as follows:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 3,601	\$ -
Cultural enhancement	10,014	600,866
Public safety	131,024	750,533
Public works	88,185	-
<b>Total</b>	<u>\$ 232,824</u>	<u>\$ 1,351,399</u>

**D. Interfund Activity**

**1. Internal Balances**

Balances due between funds at December 31, 2016 were as follows:

	<u>Due To</u>	<u>Due From</u>
General	\$ 50,254	\$ -
Fire Operations	-	50,254
	<u>\$ 50,254</u>	<u>\$ 50,254</u>

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

**2. Transfers**

Transfers made during 2016 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 323,497
Fire Operations	323,497	-
	<u>\$ 323,497</u>	<u>\$ 323,497</u>

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

**E. Long-term Liabilities**

**1. Capital Leases**

The City has entered into the following leases:

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

**1. Capital Leases (continued)**

*Police Vehicles:*

- a. On October 28, 2013, the City entered into a lease purchase agreement for two police vehicles in the amount of \$44,245, bearing interest at 6.09%. Lease payments of \$1,341 are due monthly on the 28<sup>th</sup> through September 28, 2016.
- b. On May 6, 2016, the City entered into a lease purchase agreement for three police vehicles in the amount of \$108,314, bearing interest a 5.45%. Lease payments of \$2,518 are due monthly on the 6<sup>th</sup> through April 6, 2020.
- c. On August 1, 2016, the City entered into a lease purchase agreement for two police vehicles in the amount of \$52,400, bearing interest at 5.45%. Lease payments of \$1,006 are due monthly on the 1<sup>st</sup> through July 1, 2021.

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

*Street: Cleaning Equipment:* On May 12, 2015, the City entered into a one-year lease purchase agreement for street cleaning equipment in the amount of \$23,122, bearing zero interest rate. The lease was paid in full on in 2016.

Future lease payments for the City are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 57,032	\$ 9,928	\$ 66,960
2018	61,558	7,591	69,149
2019	64,445	4,704	69,149
2020	47,003	2,003	49,006
2021	28,972	455	29,427
<b>Total</b>	<u>\$ 259,010</u>	<u>\$ 24,681</u>	<u>\$ 283,691</u>

Interest expense, as functionally allocated, for the year ended December 31, 2016 is:

	<u>Interest Expense</u>
Governmental activities:	
Public safety	\$ 5,043
Public works	4,305
<b>Total</b>	<u>\$ 9,348</u>

The net book value of the assets acquired through the capital lease is computed as follows at December 31, 2016:

Cost	\$ 469,499
Less: accumulated depreciation	(143,138)
<b>Net book Value</b>	<u>\$ 326,361</u>

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

**2. Accrued Compensated Absences**

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

As of January 1, 2016, all accrued vacation and sick time was converted into PTO.

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

Long-term liability activity for the year ended December 31, 2016, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Capital leases	\$ 172,301	\$ 161,804	\$ (75,095)	\$ 259,010	\$ 57,032
Compensated absences	41,876	42,550	-	84,426	-
Net pension liability	102,313	25,453	-	127,766	-
<b>Total</b>	<b>\$ 316,490</b>	<b>\$ 229,807</b>	<b>\$ (75,095)</b>	<b>\$ 471,202</b>	<b>\$ 57,032</b>

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

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

**1. FPPA Statewide Defined Benefit Plan**

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

*Contributions:* Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% of base salary for a total contribution rate of 16% through 2014. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. Per the 2014 member election, members of the affiliate social security group will have their required 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.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. 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.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

*Net Pension (Liability) Asset:* At December 31, 2016, the City reported an asset of \$1,536 and \$938 for its proportionate share of the net pension liability for fire and police respectively. (The City reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The City's proportion of the net pension liability was based on City contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

*Net Pension (Liability) Asset (continued):* At December 31, 2016, the City proportions for fire and police were as follows:

	Proportionate Share	
	2015	2014
Fire	0.087152%	0.092478%
Police	0.053234%	0.063008%

For the year ended December 31, 2016, the City recognized net pension (revenue) or expense of \$7,512

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fire		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,426	\$ 1,814	\$ 7,590	\$ 1,108
Change of assumptions or other inputs	24,132	-	14,740	-
Net difference between projected and actual earnings on pension plan investments	78,193	-	47,762	-
Changes in proportionate share of contributions	6,008	4,055	14,132	-
Difference between actual and reported contributions recognized	23	-	172	-
Contributions subsequent to measurement date	41,142	-	23,896	-
	\$ 161,924	\$ 5,869	\$ 108,292	\$ 1,108

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

*Net Pension (Liability) Asset (continued):* Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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,	Amortization	
	Fire	Police
2017	\$ (24,015)	\$ (16,191)
2018	(24,015)	(16,191)
2019	(24,015)	(16,191)
2020	(22,076)	(15,007)
2021	(3,982)	(3,955)
thereafter	(16,810)	(15,753)
	<u>\$ (114,913)</u>	<u>\$ (83,288)</u>

*Actuarial assumptions:* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions Actuarial Valuation Date January 1,	Total Pension Liability 2016	Actuarially Determined Contributions 2015
Actuarial method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, open	Level % of Payroll, open
Amortization Period	30 years	30 years
Asset Valuation Method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value
Long-term investment Rate of Return	7.50%	7.50%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.00%	0.00%
Includes inflation at	2.50%	3.00%

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

*Actuarial assumptions:* For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the roll-forward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

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



**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

*Actuarial assumptions (continued):* Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Global Equity	37.00%	6.50%
Equity Long / Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0%*
Total	100.00%	

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50 percent; the municipal bond rate is 3.57 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50 percent.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Collective net pension liability (asset)	\$ 246,949,671	\$ (1,762,854)	\$ (208,061,345)
Proportionate share of net pension liability (asset):			
Fire	\$ 215,221	\$ (1,536)	\$ (181,329)
Police	\$ 131,461	\$ (938)	\$ (110,759)

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

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

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

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

*Net Pension Liability:* At December 31, 2016, the volunteer pension fund reported a net pension liability of \$127,766. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

*Actuarial Assumptions:* The significant actuarial assumptions used in the valuation as of January 1, 2016 were:

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

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

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

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

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

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Net pension liability (asset)	\$ 148,910	\$ 127,766	\$ 109,244

In connection with the City’s Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2016:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 7,599	\$ -
Contributions subsequent to measurement date	9,793	-
	\$ 17,392	\$ -

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

<b>Year Ended December 31,</b>	<b>Amortization</b>
2017	\$ 1,967
2018	1,967
2019	1,965
2020	1,700
	\$ 7,599

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

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

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

The City has one retired police chief who is covered by an agreement to provide retirement benefits. The benefit provides approximately \$30,000 in annual payments. In 2016 the City has set aside \$97,272 to provide this benefit. The City has not completed recurring actuarial evaluations due to the fact that there is only one beneficiary receiving benefits who is age 82 as of December 31, 2016. No other City employees currently participate or will participate in the plan in the future as all employees hired after April 8, 1978, are covered by a FPPA "new hire" pension plan.

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

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

**V. Other Information**

**A. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency**

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

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property, \$600,000 per claim or occurrence for liability, \$600,000 for public officials' liability and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2016. The deductible amount paid by the City for each incident in 2016 was \$1,000. All settlements for the year-ended December 31, 2016 were under the maximum coverage allowed.

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

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**V. Other Information (continued)**

**A. Risk Management (continued)**

The City's share of CIRSA's assets, liabilities and fund equity as of December 31, 2016, (the latest year for which audited data is available) is as follows:

<b>Property and Casualty Pool:</b>	<b>Equity Ratio</b>
Operating Fund	0.0505%
Loss Fund	-0.0568%
Excess Fund	-0.0917%
Reserve Fund	0.1761%

CIRSA's combined financial information for the year ended December 31, 2016, is summarized as follows:

<b>Assets:</b>	
Cash and investments	\$ 81,115,367
Other assets	6,139,298
<b>Total assets</b>	<u>87,254,665</u>
<b>Total liabilities</b>	<u>36,055,129</u>
<b>Net position</b>	<u><u>\$ 51,199,536</u></u>
Total revenues	\$ 26,382,872
Total expenses	(21,353,618)
<b>Change in net position</b>	<u><u>\$ 5,029,254</u></u>

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

**2. Workers Compensation**

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

**B. Commitments and Contingencies**

**1. Legal Claims**

During the normal course of business, the City may incur claims and other assertions against it from various agencies and individuals. Management of the City and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2016.

**City of Leadville, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**V. Other Information (continued)**

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

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

The City receives financial assistance from federal and state governmental agencies in the form of grants and operating agreements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2016.

**C. Intergovernmental Agreements**

In accordance with an intergovernmental agreement with Lake County, Colorado ("County"), the County reimburses the City for 70% of the City's fire protection expenditures. The County's share of fire protection expenditures totaled \$754,827 for the year ended December 31, 2016.

In accordance with an intergovernmental agreement with Lake County, the County and City equally share all costs associated with the construction and maintenance of an animal shelter. The City is responsible for providing staffing of 12 hours per week for the animal shelter via the City's Police Department. The County's share of animal shelter costs totaled \$40,838 during 2016.

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

**D. Subsequent Events – Lease Purchase**

On February 21, 2017 the City approved a new lease purchase agreement with KS StateBank in the amount of \$242,723 to be paid in five annual payment of \$51,475 ending January 10, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**





**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts For the Year Ended 2015)**

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
Property tax	383,406	383,406	384,298	892	363,738
Specific ownership tax	22,597	22,597	17,518	(5,079)	17,486
Sales tax	1,064,800	1,064,800	1,216,958	152,158	1,345,434
Franchise tax	130,000	130,000	123,072	(6,928)	125,243
Other taxes	76,746	76,746	58,520	(18,226)	134,200
<b>Total Taxes</b>	<u>1,677,549</u>	<u>1,677,549</u>	<u>1,800,366</u>	<u>122,817</u>	<u>1,986,101</u>
<b>Licenses and Permits:</b>					
Liquor license fee	3,000	3,000	6,063	3,063	8,948
Business licenses	34,000	34,000	18,600	(15,400)	28,575
Private parking permits	4,000	4,000	4,475	475	5,950
Excavation and zoning	2,500	2,500	1,775	(725)	2,080
<b>Total Licenses and Permits</b>	<u>43,500</u>	<u>43,500</u>	<u>30,913</u>	<u>(12,587)</u>	<u>45,553</u>
<b>Intergovernmental Revenue:</b>					
Grant revenue	-	-	304,391	304,391	57,598
State Highway Users Fund	108,336	108,336	114,330	5,994	115,185
Animal control reimbursement (County)	47,979	47,979	40,838	(7,141)	34,861
Motor vehicle fees	13,000	13,000	13,942	942	11,948
State highway maintenance	8,855	8,855	4,320	(4,535)	7,227
<b>Total Intergovernmental Revenue</b>	<u>178,170</u>	<u>178,170</u>	<u>477,821</u>	<u>299,651</u>	<u>226,819</u>
<b>Charges for Services:</b>					
Building inspection fees	45,000	45,000	37,507	(7,493)	44,341
Fire department administrative fee	25,383	25,383	25,400	17	25,400
Other charges for services	3,000	3,000	4,513	1,513	3,495
Animal control fees	13,000	13,000	14,996	1,996	12,295
<b>Total Charges for Services</b>	<u>86,383</u>	<u>86,383</u>	<u>82,416</u>	<u>(3,967)</u>	<u>85,531</u>
<b>Fines and Forfeitures:</b>					
Traffic fines	6,500	6,500	20,175	13,675	11,797
Other	3,000	3,000	19,370	16,370	4,772
Court fines	5,000	5,000	11,535	6,535	7,976
Parking fines	1,800	1,800	6,790	4,990	2,465
<b>Total Fines and Forfeitures</b>	<u>16,300</u>	<u>16,300</u>	<u>57,870</u>	<u>41,570</u>	<u>27,010</u>
<b>Other:</b>					
Investment income	1,450	1,450	5,492	4,042	1,926
Donations and contributions	5,000	5,000	306,217	301,217	5,075
Other income	23,414	23,414	59,242	35,828	34,876
<b>Total Other</b>	<u>29,864</u>	<u>29,864</u>	<u>370,951</u>	<u>341,087</u>	<u>41,877</u>
<b>Total Revenues</b>	<u>2,031,766</u>	<u>2,031,766</u>	<u>2,820,337</u>	<u>788,571</u>	<u>2,412,891</u>

(continued)

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts For the Year Ended 2015)**  
**(Continued)**

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<b>Expenditures:</b>					
General Government:					
Executive	51,297	51,297	23,840	27,457	49,555
Administrative	68,205	68,205	71,685	(3,480)	61,852
City Clerk	36,457	36,457	30,583	5,874	34,911
City Treasurer	69,325	69,325	70,503	(1,178)	62,736
General operating	349,346	479,658	378,405	101,253	339,001
Animal shelter	95,958	95,958	98,351	(2,393)	82,017
Cultural enhancement	-	-	32,506	(32,506)	-
Judicial	20,387	20,387	20,684	(297)	17,672
Police department	562,348	646,359	869,243	(222,884)	525,644
Public works	420,049	430,726	415,768	14,958	433,869
Debt Service:					
Principal	65,785	65,785	75,094	(9,309)	40,287
Interest	-	-	9,348	(9,348)	6,681
<b>Total Expenditures</b>	<u>1,739,157</u>	<u>1,964,157</u>	<u>2,096,010</u>	<u>(131,853)</u>	<u>1,654,225</u>
<b>Excess of Revenues Over Expenditures</b>	<u>292,609</u>	<u>67,609</u>	<u>724,327</u>	<u>656,718</u>	<u>758,666</u>
<b>Other Financing (Uses)</b>					
Transfer (out)	(317,609)	(317,609)	(323,497)	(5,888)	(292,982)
Sale of capital assets	25,000	25,000	-	(25,000)	3,900
Capital outlay	-	(600,000)	(600,866)	(866)	(178,424)
Lease proceeds	-	-	161,804	161,804	11,411
<b>Total Other Financing (Uses)</b>	<u>(292,609)</u>	<u>(892,609)</u>	<u>(762,559)</u>	<u>130,050</u>	<u>(456,095)</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(825,000)</u>	<u>(38,232)</u>	<u>786,768</u>	<u>302,571</u>
<b>Fund Balances - Beginning</b>			<u>1,590,374</u>		<u>1,287,803</u>
<b>Fund Balances - Ending</b>			<u>1,552,142</u>		<u>1,590,374</u>

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**Conservation Trust Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts For the Year Ended 2015)**

	<u>2016</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
State lottery funds	28,000	28,000	28,989	989	24,824
Investment income	65	65	347	282	102
<b>Total Revenues</b>	<u>28,065</u>	<u>28,065</u>	<u>29,336</u>	<u>1,271</u>	<u>24,926</u>
<b>Expenditures:</b>					
Parks	6,171	6,171	15,510	(9,339)	16,418
Other	21,894	21,894	4,299	17,595	12,884
<b>Total Expenditures</b>	<u>28,065</u>	<u>28,065</u>	<u>19,809</u>	<u>8,256</u>	<u>29,302</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	9,527	<u>9,527</u>	(4,376)
<b>Fund Balances - Beginning</b>			59,272		63,648
<b>Fund Balances - Ending</b>			<u>68,799</u>		<u>59,272</u>

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

**City of Leadville, Colorado**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**Fire Operations Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts For the Year Ended 2015)**

	<u>2016</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2015</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Intergovernmental revenue - Lake County	741,089	741,089	754,827	13,738	683,624
Grants	-	-	19,765	19,765	182,996
Forest service payments	-	-	119,481	119,481	90,224
Standby payments	-	-	3,025	3,025	4,016
Donations and contributions	-	-	194	194	749
Investment income	-	-	180	180	56
<b>Total Revenues</b>	<u>741,089</u>	<u>741,089</u>	<u>897,472</u>	<u>156,383</u>	<u>961,665</u>
<b>Expenditures:</b>					
Salaries, wages and taxes	765,390	765,390	782,491	(17,101)	704,041
Wildfire assignment and standby expense	-	-	68,299	(68,299)	39,499
Other fire expense	293,308	331,308	298,741	32,567	301,249
Capital outlay	-	100,000	337,075	(237,075)	261,215
<b>Total Expenditures</b>	<u>1,058,698</u>	<u>1,196,698</u>	<u>1,486,606</u>	<u>(289,908)</u>	<u>1,306,004</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(317,609)</u>	<u>(455,609)</u>	<u>(589,134)</u>	<u>(133,525)</u>	<u>(344,339)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	317,609	317,609	323,497	5,888	292,982
Capital contributions	-	-	315,000	315,000	-
<b>Total Other Financing Sources</b>	<u>317,609</u>	<u>317,609</u>	<u>638,497</u>	<u>320,888</u>	<u>292,982</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(138,000)</u>	<u>49,363</u>	<u>187,363</u>	<u>(51,357)</u>
<b>Fund Balances - Beginning</b>			<u>72,710</u>		<u>124,067</u>
<b>Fund Balances - Ending</b>			<u>122,073</u>		<u>72,710</u>

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

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

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Fire:</b>			
City's portion of the net pension asset - Fire	0.087152%	0.092478%	0.086585%
City's proportionate share of the net pension asset - Fire	1,536	82,692	77,664
City's covered-employee payroll - Fire	397,965	415,875	377,238
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Fire	0.39%	19.88%	20.59%
<b>Police:</b>			
City's portion of the net pension asset - Police	0.053234%	0.063008%	0.067286%
City's proportionate share of the net pension asset - Police	938	56,341	60,167
City's covered-employee payroll - Police	245,682	283,350	292,250
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Police	0.38%	19.88%	20.59%
Plan fiduciary net position as a percentage of the total pension asset	100.10%	106.80%	105.80%

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

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability for the year ended December 31, 2016**

**Note 1. Changes of assumptions.**

Inflation: 2.50%

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

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

<b>Statewide Defined Benefit Plan:</b>	<b>2015</b>	<b>2014</b>
<b>Fire:</b>		
Contractually required contribution	33,827	33,270
Contributions in relation to the contractually required contribution	(33,827)	(33,270)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	397,965	415,875
Contributions as a percentage of covered-employee payroll	8.50%	8.00%
<b>Police:</b>		
Contractually required contribution	20,833	22,668
Contributions in relation to the contractually required contribution	(20,833)	(22,668)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	245,682	283,350
Contributions as a percentage of covered-employee payroll	8.50%	8.00%

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

**Notes to the Schedule of City's Contributions for the Year Ended December 31, 2016**

**Note 1. Changes of assumptions.**

Inflation: 2.50%

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

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

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

**Notes to the Schedule of Changes in Net Pension Asset / Liability  
for the Year Ended December 31, 2016**

**Note 1. Changes of assumptions.**

**Inflation:** 2.50%

**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 Annuitant.

For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

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

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

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

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

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

**Notes to the Schedule of City's Contributions for the Year Ended December 31, 2016**

**Note 1. Changes of assumptions.**

**Remaining Amortization Period:** 17 years\*

**Asset Valuation Method:** 5-year smoothed fair value

**Mortality:** Disabled (pre-1980): RP-2000 Disabled Mortality Table. All tables projected with Sale AA.

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.



SUPPLEMENTARY INFORMATION





<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	20,175
1. Sales Taxes	152,120	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	17,518	g. Other Misc. Receipts	
6. Total (1. through 5.)	169,638	h. Other	
c. Total (a. + b.)	169,638	i. Total (a. through h.)	20,175
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	114,330	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	13,942	d. Federal Transit Admin	
d. Other (Specify) - State Highway M	4,320	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	18,262	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	132,591	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		21,949	21,949
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	21,949	21,949
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	21,949	21,949
			(Carry forward to page 1)

**Notes and Comments:**