

The City of
DURANGO, COLORADO
2015



Comprehensive Annual Financial Report for the year ending December 31, 2015



CITY OF DURANGO, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2015

Prepared by the Finance Department
Julie Brown, Finance Director



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Comprehensive Annual Financial Report
For The Year Ended December 31, 2015

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(Unaudited)

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INTRODUCTORY SECTION



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June 2, 2016

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

The Charter of the City of Durango and State law require local governments to publish the results of its annual audit and a comprehensive report of financial statements. The report is to conform to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the comprehensive annual financial report of the City of Durango, Colorado for the fiscal year ended December 31, 2015.

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

The City of Durango's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2015, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Durango for fiscal year 2015 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Durango

The City of Durango, incorporated in 1881, is located in southwest Colorado in the area known as the Four Corners, where the states of Colorado, Arizona, Utah and New Mexico converge. As the county seat for La Plata County, Durango is a regional hub for commerce. It is also home to Fort Lewis College, a four-year state college with approximately 4,000 students. The City has a population of 17,834 residents and encompasses 19.57 square miles. Durango is surrounded by two million acres of the San Juan National Forest. Public lands occupy over 41% of La Plata County's total acreage.

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

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

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

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

Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 89 as part of the Required Supplementary Information. For all other budgeted funds, these comparisons are presented in the Supplementary Information subsection, which starts on page 90.

Factors Affecting Financial Condition

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

Local economy: Financially, fiscal 2015 showed increases over previous years. According to the Fort Lewis College Office of Economic analysis and Business research, tourism now generates approximately 28% of all economic activity in La Plata County. Lodgers' tax, which is one of the economic indicators for tourism strength, increased 7.4% in 2015 over 2014, in comparison to the 11.6% increase in 2014 over 2013. Riders on the Durango & Silverton Narrow Gauge Railroad showed a slight increase between 2014 and 2015. Enplanements at the Durango La Plata County Airport continue to increase with growth of approximately 2.0% in 2015 over the prior year. Mesa Verde visitors showed a slight increase in 2015 over 2014.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years until the downturn in 2009. 2014 sales tax revenues were up 5.1% from 2013 while 2015 revenues were up 5.8% over 2014. Sales tax continues to improve and a strong forecast is in the future. The area's climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the "small town" appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City's south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango's economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx and Sports Authority opened at the Durango Mall in 2012 and in 2013, a new Tractor Supply and Sally's Beauty Supply opened. Fort Lewis College continues to be an important player, adding to the area's economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: 10 Best Ski Towns in America by *Forbes* (2015), Best Destination for Outdoor Enthusiasts by *USA TODAY* (2015), America's 20 Best Small Towns for Christmas by *Country Living Magazine* (2015), 2015 Top Western Towns by *True West Magazine* (2015), 100 Best Small Towns by *Livability.com* (2015), Best Places to Start a Business in Colorado by *NerdWallet* (2015), 13 Most Affordable US Ski Towns for Rentals in Winter 2015-16 by *TripAdvisor* (2015), Top 5 Colorado Boating Towns by *Colorado Kayak Supply* (2015), and The Top 50 Small Towns in America by *Discount My Flights* (2015).

City building activity proved more robust in 2015 compared to previous years. The total number of new housing units in 2015 (196) surpassed all annual year totals since the boom years of 2003-2007, in all of these categories: new single family, new attached single family, and new multifamily. Moreover, the amount of residential remodels or additions in 2015 surpassed all the totals from the previous 5 years, reflecting a strong ongoing investment in existing housing stock. The year's new commercial construction also exceeded the previous years' 5 year high. Finally, 2015 saw the highest amount of revenue from the City's Major Street Impact Fee than the previous 5 years.

Throughout the economic turmoil the City continues to be optimistic about the future. City sales tax collections for 2015 showed an increase of 5.8% over 2014 collections. Through April 2016, city sales tax collections are showing an increase of 4.2% over 2015. Locally in 2015 we saw increases in growth and employment. Real estate values have increased slightly and housing prices remain a problem for low to moderate income families. The median price of a single-family home in Durango increased 6.25% over the previous year. The average sales price of a single family home in Durango for 2015 increased 9% over 2014.

According to the Office of State Planning and Budgeting, the Colorado economic downfall continues, in concert with broader national economic conditions. Both the national and Colorado economies continue to struggle from recessionary pressures, but there are some indicators that conditions are beginning to improve in Colorado. Local conditions around the State remain mixed as some areas have been hit harder than others; however, Colorado continues to fare better than a number of other states in such areas as nonagricultural employment, housing, and personal income. As expected in prior forecasts, Colorado's economic growth slowed during the course of 2015 from its robust pace in 2014. However, Colorado's economy is expected to continue to post stronger levels of growth than the nation overall, but slower than the high growth experienced in 2014. In 2015, Colorado employment increased corresponding with those of the national labor market. The unemployment rate in Colorado is expected to drop to 3.6% for calendar year 2015. This is the lowest unemployment rate level since the summer of 2007. Personal income has slowed to 4.8% in Colorado in 2015 and is expected to continue to increase. Wages and salary income have also slowed to 4.1% in 2015, but is expected to increase moving forward. Historically, the Colorado economy has tended to lag the national economy, so any serious downturn in the national condition eventually works its way to Colorado. Weakness and uncertainty at the national level have fed into economic indicators in Colorado, but a strong energy sector and reasonable housing fundamentals should ensure that the state remains insulated from the worst of the impacts to the rest of the country. Colorado is now no longer as vulnerable to a correction in the information technology section as it was in the early 2000s, because IT employment has continued to shrink. High energy prices have led to an economic boom in the Western Slope. Indicators are expected to continue at positive, sustainable levels moving forward.

Long-term financial planning: The City budget includes a five-year capital improvement program. Over the next five years, it is anticipated that the City will initiate or complete projects in excess of \$317,368,285. On an annual basis the City sets its priorities and designates sources of funding for those projects for the next five years. Because the program is reviewed annually in conjunction with the budget, it is very dynamic and flexible. Infrastructure needs continue to be a top priority. Major street improvements, water mains, water treatment plant construction, wastewater treatment plant upgrades, and storm drainage improvements are all scheduled over the next five years. Major public works projects scheduled for 2016 include street overlays and reconstruction, and \$7.4 million in water and sewer projects. Over \$3.8 million dollars will be spent in 2016 on park and recreation projects. Another \$500 thousand will be spent on natural lands preservation. Streets and associated improvements remain a priority over the next five years. Major improvements to Main Avenue and Second Avenue are all programmed. Traffic congestion as the county's population grows remains an issue that must be addressed. The City was fortunate to receive voter approval at the April 2005 municipal election to increase City sales and use taxes by an additional one-half percent. The proceeds of the new tax are restricted with 50% of the revenue allocated to parks, open space, and trails and 50% to capital improvements. The new tax will allow the City to move forward with many projects that have been identified in the City's Capital Improvement Program.

Debt Management: The ratio of net general bonded debt to assessed valuation and the amount of general bonded debt per capita are useful indicators of the City's debt position to municipal management, citizens, and investors. The City does not have any general obligation debt outstanding. At December 31, 2015 the City had \$26,385,000 of sales and use tax revenue bonds, series 2007, series 2008 and series 2009, outstanding. All required debt covenants are currently being met. In addition, an additional \$4,000,000 was borrowed to secure water rights and water storage for many years to come. There was \$3,636,429 outstanding at December 31, 2015 and this loan is being repaid by the Water Fund. Certificates of participation were issued in the amount of \$2,700,000 in 2014 for the construction of Wilson Gulch Road in Three Springs development. This road will provide the impetus for future commercial development in the area. There was \$2,600,000 outstanding at December 31, 2015.

Major Initiatives: The City continues to work toward financial sustainability. In 2015 as well as in the 2016 budget major initiatives are set forth to take the city into the future. Infrastructure maintenance and building up fund balance in all funds continues to be a top priority. Recognizing the value of our employees continues to be an important aspect of our budget as well as customer service and citizen engagement. As we strive to achieve these goals and initiatives we continue to meet all financial goals and objectives.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Durango for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the thirty second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



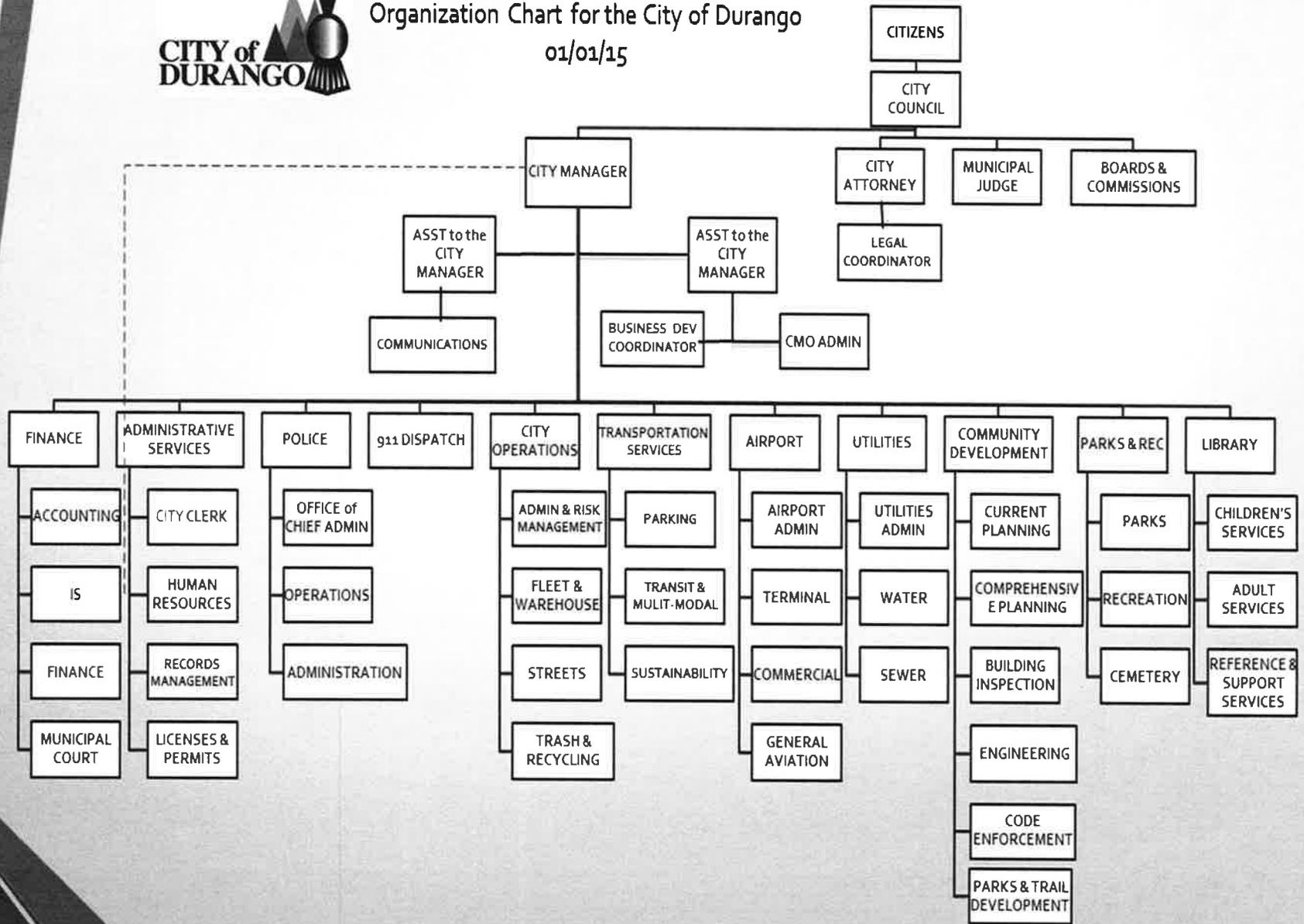
Ronald P. LeBlanc
City Manager



Julie L. Brown
Finance Director



Organization Chart for the City of Durango
01/01/15





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Durango
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Durango, Colorado
List of Elected and Appointed Officials

Elected Officials: City Council

Dean Brookie	Mayor
Christina Rinderle	Mayor Pro Tem
Keith Brant	Council Member
Sweetie Marbury	Council Member
Richard White	Council Member

Council Appointed Officials

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

Department Directors

Administrative Services Director	Amy Phillips
911 Communications Director	Phil Campbell
Finance Director	Julie Brown
City Operations Director	Levi Lloyd
Library Director	Sandy Irwin
Utilities Director	Steve Salka
Community Development Director	Gregory S. Hoch
Parks and Recreation Director	Catherine Metz
Police Services Director	James Spratlen
Aviation Director	Kip Turner

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Honorable Mayor and Members of the City Council
City of Durango

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 2-C to the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. As a result of the implementation of GASB Statement No. 68 and GASB Statement No. 71, the City reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Honorable Mayor and Members of the City Council
City of Durango

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Durango's basic financial statements for the year ended December 31, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Durango's basic financial statements as a whole. The comparative statements and schedules presented as supplementary information as listed in the table of contents contain information for the year ended December 31, 2014 and are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 information contained in those statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016, on our consideration of the City of Durango's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Durango's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
June 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Durango, Colorado (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$271,011,156 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$ 214,025,663 include property, plant, and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$ 4,406,072 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$52,579,421 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$20,835,508 this year. This compares to the prior year ending fund balance of \$20,568,570 showing an increase of \$266,938 during the current year.
- At the end of the current fiscal year, unassigned and assigned fund balance for the General Fund was \$6,330,146, or 23.6% of total General Fund expenditures and other financing uses. Of that assigned balance, \$1,029,500 is designated for 2016 expenditures.
- Overall, the City continues to maintain a strong financial position.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers. Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, library, community services and economic development. Business-type activities include the water and sewer systems, solid waste, parking and transit.

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

Fund Financial Statements

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

The City has two kinds of funds:

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

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

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

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

The basic enterprise fund financial statements are presented on pages 43 through 46 of this report. Individual fund information for nonmajor enterprise funds is found in the combining statements in the supplementary section of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 47 of this report.

December 31, 2015

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information is on page 89 of this report.

Supplementary Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources at fiscal year-end exceeded liabilities and deferred inflows of resources by \$271,011,156. The following table provides a summary of the City's net position:

	Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 47,461,739	\$ 47,349,295	\$ 18,184,347	\$ 15,507,695	\$ 65,646,086	\$ 62,856,990
Capital assets	183,513,734	178,387,678	63,816,243	62,174,759	247,329,977	240,562,437
Total assets	<u>230,975,473</u>	<u>225,736,973</u>	<u>82,000,590</u>	<u>77,682,454</u>	<u>312,976,063</u>	<u>303,419,427</u>
Deferred Outflows of Resources						
Change in investment earnings	22,655	-	-	-	22,655	-
Pension contributions subsequent to measurement date	228,363	-	-	-	228,363	-
Total Deferred Outflow of Resources	<u>251,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,018</u>	<u>-</u>
Liabilities:						
Other liabilities	5,773,948	3,637,356	647,335	569,341	6,421,283	4,206,697
Long-term liabilities	30,636,035	33,241,147	3,889,823	4,079,334	34,525,858	37,320,481
Total liabilities	<u>36,409,983</u>	<u>36,878,503</u>	<u>4,537,158</u>	<u>4,648,675</u>	<u>40,947,141</u>	<u>41,527,178</u>
Deferred inflows of resources						
Property Taxes	1,268,784	1,178,683	-	-	1,268,784	1,178,683
Total deferred inflows of resources	<u>1,268,784</u>	<u>1,178,683</u>	<u>-</u>	<u>-</u>	<u>1,268,784</u>	<u>1,178,683</u>
Net position:						
Net investments						
in capital assets	153,845,848	149,052,567	60,179,815	58,365,508	214,025,663	207,418,075
Restricted	4,406,072	9,628,560	-	-	4,406,072	9,628,560
Unrestricted	35,295,804	28,998,660	17,283,617	14,668,271	52,579,421	43,666,931
Total net position	\$ <u>193,547,724</u>	\$ <u>187,679,787</u>	\$ <u>77,463,432</u>	\$ <u>73,033,779</u>	\$ <u>271,011,156</u>	\$ <u>260,713,566</u>
GASB No. 68 Adoption		(1,665,485)				
Restated Net Position		\$ <u>186,014,302</u>				

By far the largest portion of the City's net position (78.9%) reflects its investment in capital assets, including infrastructure, less any related debt used to acquire those assets that is still outstanding. The City of Durango uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Durango's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to pay the annual debt service must be provided from other sources, since the capital assets themselves cannot be used to pay the debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

City of Durango, Colorado

December 31, 2015

At the end of the current fiscal year, the City of Durango is able to report positive balances in the government as a whole, as well as for both its governmental activities and business-type activities. Governmental activities showed positive growth. Net position increased \$5,867,937 for governmental activities. The City's overall financial position improved during fiscal year 2015.

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

Summary of Changes In Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program:						
Charges for services	\$ 7,159,645	\$ 6,084,693	\$ 14,810,051	\$ 12,622,244	\$ 21,969,696	\$ 18,706,937
Operating grants	682,853	3,106,355	1,727,167	1,285,444	2,410,020	4,391,799
Capital grants	5,954,033	167,003	1,295,610	900,912	7,249,643	1,067,915
General:						
Taxes	34,580,548	32,112,546	-	-	34,580,548	32,112,546
Other	1,985,669	1,519,411	541,180	569,753	2,526,849	2,089,164
Total revenues	50,362,748	42,990,008	18,374,008	15,378,353	68,736,756	58,368,361
Program Expenses:						
General government	9,259,225	8,821,889	-	-	9,259,225	8,821,889
Public safety	11,859,989	10,867,750	-	-	11,859,989	10,867,750
Public works	9,893,562	7,740,688	-	-	9,893,562	7,740,688
Parks and recreation	6,088,070	5,625,209	-	-	6,088,070	5,625,209
Library	2,408,555	2,424,281	-	-	2,408,555	2,424,281
Community services	1,177,037	1,621,398	-	-	1,177,037	1,621,398
Economic development	758,775	777,227	-	-	758,775	777,227
Interest	1,236,752	1,275,537	-	-	1,236,752	1,275,537
Water	-	-	4,697,072	5,048,918	4,697,072	5,048,918
Sewer	-	-	3,691,696	3,687,699	3,691,696	3,687,699
Sustainable services	-	-	2,146,425	2,097,284	2,146,425	2,097,284
Transit	-	-	3,556,523	3,422,104	3,556,523	3,422,104
Total expenses	42,681,965	39,153,979	14,091,716	14,256,005	56,773,681	53,409,984
Excess (deficiency)	7,680,783	3,836,029	4,282,292	1,122,348	11,963,075	4,958,377
Transfers	(147,361)	(156,847)	147,361	156,847	-	-
Change in net position	7,533,422	3,679,182	4,429,653	1,279,195	11,963,075	4,958,377
Beginning net position	187,679,787	184,000,605	73,033,779	71,754,584	260,713,566	255,755,189
GASB No. 68 Adoption	(1,665,485)				(1,665,485)	
Beginning net position restated	186,014,302				259,048,081	
Ending net position	\$ 193,547,724	\$ 187,679,787	\$ 77,463,432	\$ 73,033,779	\$ 271,011,156	\$ 260,713,566

GOVERNMENTAL REVENUES

The City is heavily reliant on sales and use taxes to support governmental operations. City sales and use taxes account for 56.1% of the revenues for governmental activities. The City increased the sales and use tax rate from 2.5% to 3.0%, effective July 1, 2005. The increased revenue from the additional tax is restricted by voter authorization. Because of the City's healthy financial position, we have been able to earn \$194,144 in interest earnings to support governmental activities in spite of declining interest rates. Program revenues covered 32.3% of governmental operating expenses in 2015. This means that the government's taxpayers and the City's other general revenues funded the balance of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams. Program revenues for fiscal 2014 covered 23.9% of governmental operating expenses in 2013.

GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety comprises 21% of the City's total expenses and 28% of the total governmental expenses. Parks and recreation makes up 11% of the total expenses and 14% of the total governmental expenses. General government and public works are 22% and 23% of total governmental expenses. These percentages are very similar to the prior fiscal year 2014 percentages. The overall increase in governmental expenses was 9.0% over the prior fiscal year.

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

	Governmental Activities			
	<u>Total Cost of Services</u>	<u>Percentage of Total</u>	<u>Net Cost of Services</u>	<u>Percentage of Total</u>
General government	\$ 9,259,225	22%	\$ 6,273,353	22%
Public safety	11,859,989	28%	10,470,528	36%
Public works	9,893,562	23%	5,800,649	19%
Parks and recreation	6,088,070	14%	1,133,430	4%
Library	2,408,555	5%	2,280,310	8%
Community services	1,177,037	3%	1,177,037	5%
Economic development	758,775	2%	758,775	2%
Interest on long-term debt	1,236,752	3%	1,236,752	4%
Total	<u>\$ 42,681,965</u>	<u>100%</u>	<u>\$ 29,130,834</u>	<u>100%</u>

As indicated, public safety consists of approximately 22% of the gross costs of the governmental activities and 32% of the net costs. The parks and recreation function has the best cost recovery. Recreation center fees and recreation program revenues are set to recover approximately 90% of the expenses for the center and recreation programs. The City received less in the form of operating grants and more in the form of contributions and capital grants and developer contributions in 2015. While these program revenues can vary in any given years, the corresponding acquisition of assets does not appear as a program expense. For that reason, program revenues can fluctuate dramatically from year to year depending on the amount of capital grants and contributions received. For the most part, increases in expenses reflect inflationary pressures on supplies and purchased services rather than increases in programs or services provided by the City.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$4,429,653. Key elements of business-type activities net position are as follows:

The operating revenues for all of the enterprise funds were 20.4% greater than 2014 and operating expenses were 1.2% more than 2014. Within the total business type activities of the City, these activities reported an operating income of \$1,040,688 compared to an operating loss of \$1,272,823 for the prior year. Non-operating revenue increased by \$1,822,109 over 2014. Capital contributions for 2015 were \$1,236,361. Capital contributions include developer contributions of capital assets, capital grants, and plant investment fees.

The water utility accounts for approximately 34.9% of operating revenues and 33.3% of operating expenses. This utility reported a net increase in net position of \$1,663,423. The water utility had an operating income of \$467,094 and capital contributions of \$1,067,142.

The sewer fund continues to focus on infrastructure replacement and repair. Operating expenses decreased 25.4% over the prior year. Operating revenues saw an increase of 3.8% over the prior year due to a large sewer rate increase in 2015. Net operating income for 2015 was \$1,984,617 in comparison to \$510,036 in 2014.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$20,835,508. Of this year-end total, approximately \$ 16,350,462 is restricted, committed or assigned fund balance, approximately \$3,299,682 of that amount in the general fund with the remainder of \$13,137,042 million in the capital projects funds and other governmental funds.

The total ending fund balances of governmental funds show an increase of \$266,938 over the prior year. This increase is primarily the result of the events and programs in the General Fund.

Major Governmental Funds

The General Fund:

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$(1,251,957). In fiscal year 2014, the fund balance decreased by \$2,598,948. Transfers out of the general fund to the capital projects funds continued to increase in 2015 as revenues continued an uphill swing and were available to support the City's desire to reinstate spending between one and two million dollars annually from the general fund on capital projects. Several street projects were given priority in the capital projects fund as the Council's desire to protect infrastructure was funded.

Total revenues for 2015 were \$34,163,219, an increase of \$791,597 or 2.4% over 2014. City sales taxes increased by \$775,763 or 5.4% over that recognized in 2014. City use taxes increased 21.1% (\$168,746) over collections in 2014. Use tax collections have been volatile through the recovery of the building industry. The construction industry has started an uphill climb compared to previous years. The remaining revenue sources were comparable with the prior year.

Expenditures for 2015 were \$35,414,058, a decrease of 1.2% under fiscal 2014. General government expenditures increased compared to the previous year with a decrease in expenditures of approximately 16.1% overall. Several new positions were approved and filled in 2015. Intergovernmental revenue from grants decreased as there was a large CDBG grant in 2014 which was not received or passed through in 2015. In 2014, the City Council appropriated over 2 million from fund balance to fund capital improvements.

Total public safety actual expenditures saw an increase in expenditure over the previous year of 1.3%. This function includes police services, the communication center and the city's contract for fire and rescue services. Police services increased expenditures by 3.5% over the prior year. Fire services decreased by 1.2% over the previous year.

Public works expenditures increased 2.9% over actual for 2014. Maintenance costs for materials, limited snow removal from major snowstorms and increases in fuel and utility charges for street lighting had a major impact on public works expenditures this year although other expenditures were kept in line. Parks and Recreation expenditures increased at a rate of 8.1% over last year. In 2015, the City parks and recreation department adopted a lofty goal of achieving a 90% cost recovery for all parks and recreation programs as well as at the recreation center. The City continues to move forward with many sustainable policies and actions to ensure energy savings.

Buildings and plant account for over 15% of the expenditures in this division. Maintenance costs and utility charges for all general city buildings continue to affect expenditures.

The general fund transferred \$3,597,832 to other funds, a decrease of \$138,544 under the prior year. The City traditionally transfers between \$1,000,000 to \$2,000,000 annually for capital projects but in 2015 a greater emphasis was put on infrastructure and funds were transferred from fund balance to concentrate on these projects. This amount fluctuates based on available

December 31, 2015

resources in any given year and staff's ability to administer additional projects. Capital projects, once the City Council authorizes them, carry forward until completion.

The Capital Projects Fund

The capital projects fund at December 31, 2015 had authorized projects either completed or underway in excess of \$10 million dollars. In addition to transfers in from the general fund and other special revenue funds, the capital projects fund received intergovernmental revenues of approximately \$4,283,794 for the year 2015.

The Capital Improvements Fund

The capital improvements fund at December 31, 2015 had authorized projects underway in excess of \$35 thousand dollars. This fund received sales and use tax revenues of approximately \$1.9 million. Construction of the bonded project accounts for the expenditures in this fund.

The Parks, Open Space & Trails Fund

The parks, open space & trails fund at December 31, 2015 had authorized projects underway in excess of just over \$4 million dollars. This fund received sales and use tax revenues of approximately \$1.9 million.

The Proprietary Funds

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

Budgetary Highlights

The General Fund – Budget amendments increased the original revenue budget by 2.2 % during 2015. Revenue budget amendments were made for grants received and appropriated during 2015. Many of the revenue categories had favorable budget variances over final budget estimates. Exceptions to that were seen in a handful of categories the largest being use taxes and intergovernmental. Permits and fine collections were decreased during 2015. The taxes category was 1.6% over the final budget due to an increase in sales tax collected in 2015. All categories combined for a 3.7% unfavorable variance under the final 2015 budget.

Investment earnings stayed stable from original estimates because of lower than anticipated interest rates on securities that the City purchases for its portfolio. The City generally holds investments until maturity and is in the market monthly. The average rate of return has been decreasing steadily as rate declines are made and as the City reinvests matured securities in lower interest rate securities.

Budget amendments increased the original expenditure budget by 2.9% during 2015. Total amendments to the expenditures budget were \$946,711.

The final general fund budget for expenditures had a favorable variance of \$2.1 million. City departments traditionally spend less than the approved budget by approximately 5-8% annually and that trend has continued for calendar year 2015.

Capital Assets and Debt Administration

Capital Assets

The City's net investments in capital assets, for governmental and business-type activities as of December 31, 2015, was \$153,845,848 and \$60,179,815 respectively. The net capital assets for the internal service funds are reported with the governmental activities on the statement of net position. The total increase in the net investment was 3.2% for governmental activities and a 3.1% increase for business-type activities. See Note 3-D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	28,696,147	\$ 28,670,843	\$ 5,007,011	\$ 5,007,011	\$ 33,703,158	\$ 33,677,854
Water rights	-	-	5,852,732	5,852,732	5,852,732	5,852,732
Construction in progress	16,533,186	7,534,270	2,521,902	352,108	19,055,088	7,886,378
Total non-depreciable	45,229,333	36,205,113	13,381,645	11,211,851	58,610,978	47,416,964
Depreciable assets:						
Buildings	44,127,643	44,106,562	21,362,443	21,362,443	65,490,086	65,469,005
Improvements	1,101,610	1,101,610	-	-	1,101,610	1,101,610
Equipment	19,492,886	18,261,872	7,115,438	6,961,113	26,608,324	25,222,985
Infrastructure	197,335,242	194,885,916	58,228,964	56,679,971	255,564,206	251,565,887
Total depreciable assets	262,057,381	258,355,960	86,706,845	85,003,527	348,764,226	343,359,487
Less accumulated depreciation	123,772,980	116,173,395	36,272,247	34,040,619	160,045,227	150,214,014
Book value - depreciable assets	138,284,401	142,182,565	50,434,598	50,962,908	188,718,999	193,145,473
Percentage depreciated	47%	45%	42%	38%	45%	43%
Total book value	183,513,734	\$ 178,387,678	\$ 63,816,243	\$ 62,174,759	\$ 247,329,977	240,562,437

At December 31, 2015, the depreciable capital assets for governmental activities were 47% depreciated. This is comparable to the December 31, 2014 percentage. This comparison indicates that the City is replacing its assets at a comparable rate as they are depreciating which is a positive indicator.

With the City's business type activities, 42% of the depreciable capital assets were depreciated at December 31, 2015 compared to 38% at December 31, 2014.

Overall, the City's capital assets are depreciated at approximately 45%, which demonstrates the City's continuing investment in capital.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$26,385,000 in sales and use tax revenue bonds. This debt is being retired with sales and use taxes from an authorized 2015 tax increase of one-half percent dedicated to the financing and construction of the recreation center and the completion of the Animas River Trail and sales and use taxes from an authorized 2007 tax increase of one quarter percent dedicated to capital improvements. During the year, the City retired \$815,000 in bonds series 2007, or 2.2% of the beginning outstanding bonded debt balance. \$1,005,000 was retired during the year in bonds series 2008, or 2.8% of the beginning outstanding bonded debt balance. The City also retired \$755,000 in bonds series 2009, or 2.0% of the beginning outstanding bonded debt balance. In 2013, the City obtained a long term loan from Colorado Water Resources and Power Development Authority in the amount of \$4,000,000 to purchase water storage and rights for the Water Fund. The term of the loan is 20 years with an interest rate of 1.95%. The city retired principal in the amount of \$172,823 in 2015. The City issued Certificates of Participation in the amount of \$2,700,000 in 2014 to fund construction costs of Wilson Gulch Road, a main road in the Three Springs area that will provide economic activity. The City retired \$100,000 in principal payments in 2015.

	Outstanding Borrowings						% Change
	Governmental Activities		Business-type Activities		Totals		
	2015	2014	2015	2014	2015	2014	
Sales and use tax revenue bonds 2008	\$ 3,260,000	\$ 4,265,000	\$ -	\$ -	\$ 3,260,000	\$ 4,265,000	-23%
Sales and use tax revenue bonds 2007	10,185,000	11,000,000	-	-	10,185,000	11,000,000	-7%
Sales and use tax revenue bonds 2009	12,940,000	13,695,000	-	-	12,940,000	13,695,000	-5%
Bond Premium Amortization	338,617	375,111	-	-	338,617	375,111	-9%
2014 Certificates of Participation	2,600,000	2,700,000	-	-	2,600,000	2,700,000	4%
Compensated absences	1,312,419	1,206,036	253,394	270,083	1,565,813	1,476,119	6%
CWRPDA Loan	-	-	3,636,428	3,809,251	3,636,428	3,809,251	
Total	\$ 30,636,035	\$ 33,241,147	\$ 3,889,823	\$ 4,079,334	\$ 34,525,858	\$ 37,320,481	

In 2006, the city implemented a “Paid Time Off” program that now combines all paid time off into one accrual. This resulted in a larger accrual amount to employees during the year and decreased the liability recognized as well. See Note 3-H for additional information about the City’s long-term debt.

Economic Conditions and Next Year’s Budget

Financially, fiscal 2015 showed increases over previous years. According to the Fort Lewis College Office of Economic analysis and Business research, tourism now generates approximately 28% of all economic activity in La Plata County. Lodgers’ tax, which is one of the economic indicators for tourism strength, increased 7.4% in 2014 over 2013, in comparison to the 8.6% increase in 2013 over 2012. Riders on the Durango & Silverton Narrow Gauge Railroad showed a slight increase between 2014 and 2015. Enplanements at the Durango La Plata County Airport continue to increase with growth of approximately 2.0% in 2015 over the prior year. Mesa Verde visitors showed a slight increase in 2015 over 2014.

The city, being the major shopping destination in the county, has reaped the benefits of population growth in the form of increased sales tax collections over the past ten years until the downturn in 2009. 2014 sales tax revenues were up 5.1% from 2013 while 2015 revenues were up 5.8% over 2014. Sales tax continues to improve and a strong forecast is in the future. The area’s climate, variety of terrain and outdoor recreational opportunities, proximity to the Purgatory ski area, the presence of Fort Lewis College, and the “small town” appeal of Durango have all contributed to the sustained growth. Increases in sales tax revenues have been attributed in large part to growth in the City’s south corridor in the last several years. Durango is a regional shopping destination and the sales tax trends have supported this position. Because of the diversity of Durango’s economy, we are somewhat insulated from the vagaries of weather and natural disasters, which affect the tourist industry. The large national chains, such as Wal-Mart, Office Depot, and Home Depot, continue to locate here. A new TJ Maxx and Sports Authority opened at the Durango Mall in 2012 and in 2013, a new Tractor Supply and Sally's Beauty Supply opened. Fort Lewis College continues to be an important player, adding to the area’s economic stability, health and cultural enhancement.

In addition, Downtown Durango continues to be a regional draw and gathering place for community events including Snowdown, Taste of Durango, Four Corners Bike Rally, Fiesta Days, Animas River Days, Noel Night, 4th of July events and fireworks, among many others. These events also result in additional business for the downtown retailers and restaurants. Recent honors for the City include: 10 Best Ski Towns in America by *Forbes* (2015), Best Destination for Outdoor Enthusiasts by *USA TODAY* (2015), America’s 20 Best Small Towns for Christmas by *Country Living Magazine* (2015), 2015 Top Western Towns by *True*

December 31, 2015

West Magazine (2015), 100 Best Small Towns by *Livability.com* (2015), Best Places to Start a Business in Colorado by *NerdWallet* (2015), 13 Most Affordable US Ski Towns for Rentals in Winter 2015-16 by *TripAdvisor* (2015), Top 5 Colorado Boating Towns by *Colorado Kayak Supply* (2015), and The Top 50 Small Towns in America by *Discount My Flights* (2015).

City building activity in 2015 continued to improve over the numbers in 2014, which themselves were considerably improved over the previous three years. As emphasis continues to be put on economic development many new opportunities are on the horizon for large retail operations to open. The housing market continues to improve with limited inventory on the market driving prices. Construction of Wilson Gulch Road in Three Springs in 2015 will provide for large box retailers to locate to the Durango area. The economic forecast for the Durango area continues to be strong and vibrant.

Contacting the City's Financial Management

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



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BASIC FINANCIAL STATEMENTS

City of Durango, Colorado
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3-A)	\$ 21,453,429	\$ 15,827,643	\$ 37,281,072	\$ 220,098
Receivables:				
Accounts	2,473,963	1,967,826	4,441,789	-
Property taxes	1,268,784	-	1,268,784	-
Sales taxes	2,525,031	-	2,525,031	-
Lodgers taxes	56,268	-	56,268	-
Franchise taxes	74,440	-	74,440	-
Special assessments	292,790	-	292,790	-
Interest	648,161	-	648,161	-
Notes	-	233,047	233,047	-
Inventory	348,057	155,831	503,888	-
Investment in joint venture	18,320,816	-	18,320,816	-
Capital Assets (Note 3-D)				
Nondepreciable capital assets	45,229,333	13,381,645	58,610,978	-
Depreciable capital assets, net	138,284,401	50,434,598	188,718,999	-
Total Assets	<u>230,975,473</u>	<u>82,000,590</u>	<u>312,976,063</u>	<u>220,098</u>
Deferred Outflows of Resources				
Change in investment earnings	22,655	-	22,655	-
Pension contributions subsequent to measurement date	228,363	-	228,363	-
Total Deferred Outflows of Resources	<u>251,018</u>	<u>-</u>	<u>251,018</u>	<u>-</u>
Liabilities				
Accounts payable	2,056,259	535,421	2,591,680	7,740
Accrued expenses	421,615	111,914	533,529	-
Contracts payable	614,130	-	614,130	-
Accrued interest payable	91,363	-	91,363	-
Unearned revenue	441,044	-	441,044	-
Net pension liability	2,149,537	-	2,149,537	-
Long-Term Liabilities: (Note 3-H)				
Due within one year	3,452,703	302,907	3,755,610	-
Due in more than one year	27,183,332	3,586,916	30,770,248	-
Total Liabilities	<u>36,409,983</u>	<u>4,537,158</u>	<u>40,947,141</u>	<u>7,740</u>
Deferred Inflows of Resources				
Property taxes	1,268,784	-	1,268,784	-
Total Deferred Inflows of Resources	<u>1,268,784</u>	<u>-</u>	<u>1,268,784</u>	<u>-</u>
Net Position				
Net investment in capital assets (Note 3-J)	153,845,848	60,179,815	214,025,663	-
Restricted for:				
Capital projects	2,935,853	-	2,935,853	-
Debt service	222,109	-	222,109	-
Emergencies	1,248,110	-	1,248,110	-
Unrestricted	35,295,804	17,283,617	52,579,421	212,358
Total Net Position	<u>\$ 193,547,724</u>	<u>\$ 77,463,432</u>	<u>\$ 271,011,156</u>	<u>\$ 212,358</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Activities
For the Year Ended December 31, 2015

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General government	\$ 9,259,225	\$ 2,671,977	\$ 282,800	\$ 31,095	\$ (6,273,353)	\$ -	\$ (6,273,353)	\$ -
Public safety	11,859,989	1,089,447	300,014	-	(10,470,528)	-	(10,470,528)	-
Public works	9,893,562	-	-	4,092,913	(5,800,649)	-	(5,800,649)	-
Parks and recreation	6,088,070	3,124,615	-	1,830,025	(1,133,430)	-	(1,133,430)	-
Library	2,408,555	28,206	100,039	-	(2,280,310)	-	(2,280,310)	-
Community services	1,177,037	-	-	-	(1,177,037)	-	(1,177,037)	-
Economic development	758,775	-	-	-	(758,775)	-	(758,775)	-
Interest	1,236,752	-	-	-	(1,236,752)	-	(1,236,752)	-
Joint venture airport	-	245,400	-	-	245,400	-	245,400	-
Total Governmental Activities	42,681,965	7,159,645	682,853	5,954,033	(28,885,434)	-	(28,885,434)	-
Business-type Activities:								
Water utility	4,697,072	5,164,166	-	1,067,142	-	1,534,236	1,534,236	-
Sewer utility	3,691,696	5,670,452	743,382	228,468	-	2,950,606	2,950,606	-
Sustainable services	2,146,425	2,072,075	852	-	-	(73,498)	(73,498)	-
Transportation Services	3,556,523	1,903,358	982,933	-	-	(670,232)	(670,232)	-
Total Business-type Activities	14,091,716	14,810,051	1,727,167	1,295,610	-	3,741,112	3,741,112	-
Total - Primary Government	\$ 56,773,681	\$ 21,969,696	\$ 2,410,020	\$ 7,249,643	(28,885,434)	3,741,112	(25,144,322)	-
Component Unit								
Durango Conference Center Business Improvement District	\$ 301,089	\$ 93,780	\$ -	\$ -	-	-	-	(207,309)
General Revenues								
Property taxes levied for:								
General government purposes					1,175,954	-	1,175,954	257,454
Specific ownership tax					109,183	-	109,183	-
Sales tax					22,528,320	-	22,528,320	-
Use tax					1,449,705	-	1,449,705	-
Sales and use tax audit					60,448	-	60,448	-
La Plata County shared sales tax					3,814,184	-	3,814,184	-
La Plata County joint sales tax					1,891,568	-	1,891,568	-
Other taxes					1,256,608	-	1,256,608	-
Franchise fees and occupational taxes					1,320,006	-	1,320,006	-
Lodgers taxes					974,572	-	974,572	-
Gain/(Loss) on disposal of capital assets					11,619	38,628	50,247	-
Investment earnings					194,144	180,197	374,341	-
Miscellaneous					1,779,906	322,355	2,102,261	-
Total General Revenues					36,566,217	541,180	37,107,397	257,454
Transfers					(147,361)	147,361	-	-
Total General Revenues and Transfers					36,418,856	688,541	37,107,397	257,454
Change in Net Position					7,533,422	4,429,653	11,963,075	50,145
Net Position Beginning of Year - Restated					186,014,302	73,033,779	259,048,081	162,213
Net Position End of Year					\$ 193,547,724	\$ 77,463,432	\$ 271,011,156	\$ 212,358

See accompanying notes to the basic financial statements

City of Durango, Colorado
Balance Sheet
Governmental Funds
December 31, 2015

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash on hand	\$ 17,681	\$ -	\$ -	\$ -	\$ -	\$ 17,681
Equity in treasurer's cash and investments	5,220,842	8,946,752	7,792	1,770,046	1,579,946	17,525,378
Cash held in escrow	477,335	-	-	-	-	477,335
Receivables:						
Accounts	153,520	91,094	-	-	14,764	259,378
Property taxes	1,268,784	-	-	-	-	1,268,784
Sales taxes	1,683,438	-	210,335	210,335	420,923	2,525,031
Franchise taxes	74,440	-	-	-	-	74,440
Lodger's taxes	-	-	-	-	56,268	56,268
Special assessments	292,790	-	-	-	-	292,790
Intergovernmental	965,141	1,188,932	-	15,508	-	2,169,581
Interest	648,161	-	-	-	-	648,161
Interfund	575,000	-	-	-	-	575,000
Inventory	44,071	-	-	-	-	44,071
Total Assets	\$ 11,421,203	\$ 10,226,778	\$ 218,127	\$ 1,995,889	\$ 2,071,901	\$ 25,933,898
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 637,027	\$ 823,980	\$ -	\$ 333,546	\$ -	\$ 1,794,553
Accrued expenditures	404,879	-	-	-	-	404,879
Interfund payable	-	-	575,000	-	-	575,000
Deposits	614,130	-	-	-	-	614,130
Unearned revenue	441,044	-	-	-	-	441,044
Total Liabilities	2,097,080	823,980	575,000	333,546	-	3,829,606
Deferred Inflows of Resources						
Property taxes	1,268,784	-	-	-	-	1,268,784
Total Deferred Inflows of Resources	1,268,784	-	-	-	-	1,268,784
Fund Balances						
Nonspendable	44,071	-	-	-	-	44,071
Restricted	1,638,931	2,935,853	-	1,662,343	1,653,033	7,890,160
Committed	42,191	6,466,945	-	-	404,104	6,913,240
Assigned	1,532,298	-	-	-	14,764	1,547,062
Unassigned	4,797,848	-	(356,873)	-	-	4,440,975
Total Fund Balances	8,055,339	9,402,798	(356,873)	1,662,343	2,071,901	20,835,508
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,421,203	\$ 10,226,778	\$ 218,127	\$ 1,995,889	\$ 2,071,901	\$ 25,933,898

See accompanying notes to the basic financial statements

City of Durango, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances	\$	20,835,508
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets including investment in joint venture	\$ 312,590,604	
Less accumulated depreciation	<u>(116,525,785)</u>	196,064,819
Net Pension liabilities are not recognized at the fund level but are reported at the government-wide level		
		-2,149,537
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Change in investment earnings	\$ 22,655	
Contributions subsequent to measurement date	<u>228,363</u>	251,018
Internal service fund is used by management to charge the costs of general administrative services, equipment replacement and self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		9,207,361
Liabilities, including bonds, accrued interest and compensated absences are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (28,985,000)	
Bonds premium amortization	\$ (338,617)	
Accrued interest	(91,363)	
Compensated absences	<u>(1,246,465)</u>	<u>(30,661,445)</u>
Net Position Of Governmental Activities	\$	<u>193,547,724</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Projects Fund	Capital Improvements Fund	Parks, Open Space and Trails Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 1,175,954	\$ -	\$ -	\$ -	\$ -	\$ 1,175,954
Specific Ownership Taxes	109,183	-	-	-	-	109,183
Sales taxes	15,019,744	-	1,876,581	1,876,581	3,755,414	22,528,320
Use taxes	966,518	-	120,760	120,761	241,666	1,449,705
Sales and use tax audit	60,448	-	-	-	-	60,448
La Plata Count shared sales tax	3,814,184	-	-	-	-	3,814,184
La Plata County joint sales tax	1,891,568	-	-	-	-	1,891,568
Lodgers taxes	-	-	-	-	974,572	974,572
Cigarette tax	92,978	-	-	-	-	92,978
Franchise fees and occupational taxes	1,571,120	-	-	-	-	1,571,120
Special assessments	32,512	-	-	-	-	32,512
Intergovernmental	2,608,851	5,353,794	-	81,371	198,699	8,242,715
Licenses and permits	758,615	-	-	-	11,300	769,915
Charges for services	4,410,239	-	-	-	250	4,410,489
Fines and forfeitures	257,379	-	-	-	-	257,379
Investment earnings	74,112	35,635	10,846	21,096	52,455	194,144
Miscellaneous	925,077	299,064	-	112,450	455,294	1,791,885
Total Revenues	33,768,482	5,688,493	2,008,187	2,212,259	5,689,650	49,367,071
Expenditures						
Current:						
General government	8,224,948	684,290	-	-	10,597	8,919,835
Public safety	11,397,958	-	-	-	-	11,397,958
Public works	2,973,459	8,701,568	-	-	-	11,675,027
Parks and recreation	5,835,388	1,255,498	-	-	12,751	7,103,637
Library	2,019,770	-	-	-	-	2,019,770
Community services	1,177,037	-	-	-	-	1,177,037
Economic development	-	-	-	-	758,775	758,775
Capital Outlay	-	-	-	1,967,238	-	1,967,238
Debt Service:						
Principal retirement	100,000	-	-	-	2,575,000	2,675,000
Interest and fiscal charges	87,666	-	-	-	1,193,691	1,281,357
Total Expenditures	31,816,226	10,641,356	-	1,967,238	4,550,814	48,975,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,952,256	(4,952,863)	2,008,187	245,021	1,138,836	391,437
Other Financing Sources (Uses)						
Sale of capital assets	11,619	-	-	-	-	11,619
Transfers in	383,118	7,430,332	900,000	-	3,767,664	12,481,114
Transfers out	(3,597,832)	-	(2,589,659)	(318,118)	(6,110,505)	(12,616,114)
Total Other Financing Sources (Uses)	(3,203,095)	7,430,332	(1,689,659)	(318,118)	(2,342,841)	(123,381)
Net Change in Fund Balances	(1,250,839)	2,477,469	318,528	(73,097)	(1,204,005)	268,056
Fund Balances(Deficit) Beginning of Year	9,307,296	6,925,329	(675,401)	1,735,440	3,275,906	20,568,570
Increase in Reserve for Inventory	(1,118)	-	-	-	-	(1,118)
Fund Balances(Deficit) End of Year	\$ 8,055,339	\$ 9,402,798	\$ (356,873)	\$ 1,662,343	\$ 2,071,901	\$ 20,835,508

See accompanying notes to the basic financial statements

City of Durango, Colorado
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015

Net Changes In Fund Balances - Total Governmental Funds	\$	268,056
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (7,081,598)	
Capital outlay	<u>10,982,876</u>	3,901,278
Governmental funds do not report contributed capital assets but they are reported on the statement of activities		320,169
Government funds do not report the change in the investment in the joint venture but the change is reported on the statement of activity		245,400
The internal service funds used by management to charge the costs of the general services, equipment reserve, risk manager and self-insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		418,489
Elimination of transfers between governmental funds		
Transfers in	\$ (12,481,114)	
Transfers out	<u>12,481,114</u>	-
The decrease in fund balance reserves for inventory are charged directly to the fund balances at the fund level but expenses are increased at the government-wide level.		(1,118)
Net Pension expense does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. The (increase) decreases in these activities consist of:		
Change in contributions subsequent to the measurement date	\$ (259,915)	
Pension expense	\$ (461,397)	
Employer contributions	<u>488,278</u>	(233,034)
Interest expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
Liability @ 12/31/15	\$ (91,363)	
Liability @ 12/31/14	<u>99,474</u>	8,111
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,711,494
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/15	\$ (1,246,465)	
Liability @ 12/31/14	<u>1,141,042</u>	(105,423)
Change In Net Position of Governmental Activities	\$	<u>7,533,422</u>
See accompanying notes to the basic financial statements		

City of Durango, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Assets						
Current Assets						
Equity in treasurer's cash and investments	\$ 9,690,633	\$ 3,929,904	\$ 437,987	\$ 1,769,119	\$ 15,827,643	\$ 3,433,035
Receivables						
Accounts	601,079	756,472	258,851	2,176	1,618,578	45,004
Intergovernmental	-	242,635	-	106,613	349,248	-
Inventory	155,034	797	-	-	155,831	303,986
Total Current Assets	<u>10,446,746</u>	<u>4,929,808</u>	<u>696,838</u>	<u>1,877,908</u>	<u>17,951,300</u>	<u>3,782,025</u>
Noncurrent Assets						
Note receivable	178,009	55,038	-	-	233,047	-
Capital Assets						
Land	6,575,919	307,368	89,622	3,886,835	10,859,744	67,889
Construction in progress	1,681,428	840,473	-	-	2,521,901	-
Depreciable capital assets, net	27,389,386	13,824,362	2,600,687	6,620,163	<u>50,434,598</u>	<u>5,701,842</u>
Total Noncurrent Assets	<u>35,824,742</u>	<u>15,027,241</u>	<u>2,690,309</u>	<u>10,506,998</u>	<u>64,049,290</u>	<u>5,769,731</u>
Total Assets	<u>46,271,488</u>	<u>19,957,049</u>	<u>3,387,147</u>	<u>12,384,906</u>	<u>82,000,590</u>	<u>9,551,756</u>
Liabilities						
Current Liabilities						
Accounts payable	259,542	138,520	23,953	113,406	535,421	261,706
Accrued payroll	29,577	24,814	16,150	41,373	111,914	16,736
Compensated Absences - due in one year	31,776	29,313	18,501	47,107	126,697	32,976
Loan payable	176,210	-	-	-	176,210	-
Total Current Liabilities	<u>497,105</u>	<u>192,647</u>	<u>58,604</u>	<u>201,886</u>	<u>950,242</u>	<u>311,418</u>
Long Term Liabilities						
Compensated absences net of current portion	31,776	29,314	18,501	47,107	126,698	32,977
Loan payable net of current portion	3,460,218	-	-	-	3,460,218	-
Total Liabilities	<u>3,989,099</u>	<u>221,961</u>	<u>77,105</u>	<u>248,993</u>	<u>4,537,158</u>	<u>344,395</u>
Net position						
Net Investment in capital assets	32,010,305	14,972,203	2,690,309	10,506,998	60,179,815	5,769,831
Unrestricted	10,272,084	4,762,885	619,733	1,628,915	17,283,617	3,437,530
Total Net Position - Fund Level	<u>\$ 42,282,389</u>	<u>\$ 19,735,088</u>	<u>\$ 3,310,042</u>	<u>\$ 12,135,913</u>	<u>\$ 77,463,432</u>	<u>\$ 9,207,361</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Fund	Sewer Utility Fund	Sustainable Services Fund	Transportation Services Fund	Total	
Operating Revenues						
Charges for sales and services	\$ 5,015,640	\$ 5,670,452	\$ 2,072,075	\$ 2,075,618	\$ 14,833,785	\$ 6,502,412
Services provided	-	-	-	-	-	1,651,271
Miscellaneous	156,477	5,861	106,790	29,491	298,619	74,872
Total Operating Revenues	<u>5,172,117</u>	<u>5,676,313</u>	<u>2,178,865</u>	<u>2,105,109</u>	<u>15,132,404</u>	<u>8,228,555</u>
Operating Expenses						
Administration	332,872	317,113	-	237,997	887,982	220,195
Source of supply	655	-	-	-	655	-
Pumping	213,393	-	-	-	213,393	-
Transmission and distribution	994,072	-	-	-	994,072	-
Treatment	771,319	1,437,666	-	-	2,208,985	-
Meter reading and repairs	138,595	-	-	-	138,595	-
Parking operations	-	-	-	563,135	563,135	-
Collections	-	776,623	874,389	-	1,651,012	-
Recycling	-	-	540,336	-	540,336	-
Recycling center	-	-	189,046	-	189,046	-
Sustainability	-	-	72,465	-	72,465	-
Loop system	-	-	-	1,831,387	1,831,387	-
Multi-modal	-	-	-	119,517	119,517	-
Mercy Express	-	-	-	205,192	205,192	-
Building maintenance	-	-	-	-	-	232,582
Equipment maintenance	-	-	-	-	-	1,318,088
Insurance claims and premiums	-	-	-	-	-	1,096,347
Medical claims and premiums	-	-	-	-	-	3,833,957
Non-departmental	669,038	108,305	104,282	48,587	930,212	-
Payment for services	426,400	316,475	223,105	98,406	1,064,386	-
Depreciation	1,150,728	735,514	142,802	452,302	2,481,346	1,307,426
Total Operating Expenses	<u>4,697,072</u>	<u>3,691,696</u>	<u>2,146,425</u>	<u>3,556,523</u>	<u>14,091,716</u>	<u>8,008,595</u>
Operating Income (Loss)	<u>475,045</u>	<u>1,984,617</u>	<u>32,440</u>	<u>(1,451,414)</u>	<u>1,040,688</u>	<u>219,960</u>
Non-Operating Revenues (Expenses)						
Gain (Loss) on the sale of capital assets	228	-	100	38,300	38,628	85,263
Intergovernmental grants	-	802,631	852	982,933	1,786,416	-
Investment earnings	120,529	34,221	3,170	22,277	180,197	41,834
Total Nonoperating Revenues (Expenses)	<u>120,757</u>	<u>836,852</u>	<u>4,122</u>	<u>1,043,510</u>	<u>2,005,241</u>	<u>127,097</u>
Income (Loss) Before Capital Contributions and Transfers	<u>595,802</u>	<u>2,821,469</u>	<u>36,562</u>	<u>(407,904)</u>	<u>3,045,929</u>	<u>347,057</u>
Capital contributions	1,067,142	169,219	-	-	1,236,361	83,793
Transfers in	4,424	3,945	-	147,361	155,730	-
Transfers out	(3,945)	(4,424)	-	-	(8,369)	(12,361)
Change in Net Position	<u>1,663,423</u>	<u>2,990,209</u>	<u>36,562</u>	<u>(260,543)</u>	<u>4,429,651</u>	<u>418,489</u>
Net Position Beginning of Year	<u>40,618,966</u>	<u>16,744,879</u>	<u>3,273,480</u>	<u>12,396,456</u>	<u>73,033,781</u>	<u>8,788,872</u>
Net Position End of Year	<u>\$ 42,282,389</u>	<u>\$ 19,735,088</u>	<u>\$ 3,310,042</u>	<u>\$ 12,135,913</u>	<u>\$ 77,463,432</u>	<u>\$ 9,207,361</u>

See accompanying notes to the basic financial statements.

City of Durango, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds				Total	
	Water Utility	Sewer Utility	Sustainable Service	Transportation Services		
Increase (Decrease) in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash received from customers	\$ 4,950,378	\$ 5,372,118	\$ 2,181,587	\$ 2,848,721	\$ 15,352,804	\$ 8,430,185
Cash payments to employees for services	(1,402,900)	(599,659)	(726,084)	(1,321,703)	(4,050,346)	(838,699)
Cash payments for goods and services	(2,044,624)	(2,366,533)	(1,281,645)	(1,808,757)	(7,501,559)	(1,229,830)
Cash payments for claims and premiums	-	-	-	-	-	(5,060,044)
Net Cash Provided by (Used in) Operating Activities	<u>1,502,854</u>	<u>2,405,926</u>	<u>173,858</u>	<u>(281,739)</u>	<u>3,800,899</u>	<u>1,301,612</u>
Cash Flows from Noncapital Financing Activities						
Decrease in note receivable	12,242	4,838	-	-	17,080	-
Decrease in loan payable	(172,823)	-	-	-	(172,823)	-
Intergovernmental revenue	-	802,631	852	982,933	1,786,416	-
Transfers in	-	-	-	135,000	135,000	83,793
Transfers out	(3,945)	(4,424)	-	-	(8,369)	(12,361)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(164,526)</u>	<u>803,045</u>	<u>852</u>	<u>1,117,933</u>	<u>1,757,304</u>	<u>71,432</u>
Cash Flows from Capital and Related Financing Activities						
Plant investment fees	831,956	123,115	-	-	955,071	-
Cash sales of capital assets	228	-	100	38,300	38,628	229,458
Payments for capital acquisitions	(2,343,008)	(1,327,087)	-	(150,713)	(3,820,808)	(1,424,873)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,510,824)</u>	<u>(1,203,972)</u>	<u>100</u>	<u>(112,413)</u>	<u>(2,827,109)</u>	<u>(1,195,415)</u>
Cash Flows from Investing Activities						
Investment earnings	<u>120,529</u>	<u>34,221</u>	<u>3,171</u>	<u>22,277</u>	<u>180,198</u>	<u>41,834</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(51,968)</u>	<u>2,039,220</u>	<u>177,981</u>	<u>746,058</u>	<u>2,911,292</u>	<u>219,463</u>
Cash and Cash Equivalents, Beginning of Year	<u>9,742,601</u>	<u>1,890,684</u>	<u>260,006</u>	<u>1,023,061</u>	<u>12,916,352</u>	<u>3,213,572</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,690,633</u>	<u>\$ 3,929,904</u>	<u>\$ 437,987</u>	<u>\$ 1,769,119</u>	<u>\$ 15,827,643</u>	<u>\$ 3,433,035</u>

See accompanying notes to the basic financial statements

City of Durango, Colorado
Statement of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2015

(Continued)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds				Total	
	Water Utility	Sewer Utility	Sustainable Services	Transportation Services		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ 475,045	\$ 1,984,617	\$ 32,440	\$ (1,451,414)	\$ 1,040,688	\$ 219,960
Adjustments:						
Depreciation	1,150,728	735,514	142,802	452,302	2,481,346	1,307,426
(Increase) Decrease in Assets:						
Accounts receivable	(221,967)	(304,195)	2,722	743,612	220,172	201,890
Inventory	(4,375)	1,762	-	-	(2,613)	12,359
Increase (Decrease) in Liabilities:						
Accounts payable	136,674	(7,391)	(13,794)	(43,153)	72,336	(442,680)
Accrued wages	(33,251)	(4,381)	9,688	16,914	(11,030)	2,657
Net Cash Provided by (Used in) Operating Activities	\$ 1,502,854	\$ 2,405,926	\$ 173,858	\$ (281,739)	\$ 3,800,899	\$ 1,301,612
Non-cash Investing, Capital and Financing Activities:						
Contributed capital assets	\$ 235,186	\$ 46,104	\$ -	\$ -	\$ 281,290	\$ -

See accompanying notes to the basic financial statements

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

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

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

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

1-A. Reporting Entity

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

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

A description of the discretely presented component unit follows:

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

1-B. Basis of Presentation

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

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

activities, generally supported by taxes and grants and City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

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

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

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

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

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

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

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

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Additionally the City reports the following fund types:

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

1-C. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

(i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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

1-D. Basis of Accounting

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

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

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

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

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-E. Assets, Liabilities and Fund Equity

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

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

Equity in Treasurer's Cash and Investments - The City maintains a centralized bank account to maximize investment yields. Cash balances are pooled and invested. Investment income earned is allocated to the funds based on each fund's percentage ownership.

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

Investments are stated at fair value based on quoted market prices. Securities traded on a national exchange are valued at the last quoted sales price. Investments in governmental external investment pools are governed by Part 7 of Article 75 of the Colorado Revised Statutes and are exempt from registration with the Securities and Exchange Commission. The pools operate like a mutual fund with each share valued at \$1.

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

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, where applicable. Unbilled water and sewer charges are accrued as receivables and revenue at December 31, 2015.

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

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

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

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reflected as nonspendable as this amount is not available for general appropriation.

1-E-6 Capital Assets

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

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

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

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

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

1-E-7 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies as a deferred outflow of resources. A deferred outflow of resources related to the implementation of GASB Statement No. 68 has been recorded as of December 31, 2015, which consists of two components: 1) contributions subsequent to measurement date; and 2) a change in investment earnings. See Note 3I for additional information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item which is considered a deferred inflow of resources. Property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected are recognized in the financial statements.

1-E-8 Compensated Absences

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

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

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

Proprietary Funds -- Accumulated paid time off at December 31, 2015, for employees of the proprietary funds have been accrued. These compensated absences are recognized as current salary costs when earned in the proprietary funds.

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

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

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

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

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

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

1-E-11 Fund Equity

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

Fund Balance – Generally, fund balance represents assets and deferred outflows of resources minus liabilities and deferred inflows of resources and is shown only in governmental fund statements. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

extent of constraints on those amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

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

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

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

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

Unassigned Fund Balance – is unconstrained and comprised of residual uncategorized fund balance amounts.

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

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

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

1-E-12 Operating Revenues and Expenses

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

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

1-E-13 Contributions of Capital

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-14 Interfund Activity

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

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

1-E-15 Estimates

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

1-E-16 Comparative Data

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

Note 2 – Stewardship, Compliance and Accountability

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

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

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

All unexpended annual appropriations lapse at year-end.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 – Stewardship, Compliance and Accountability (Continued)

2-B. Capital Improvement Fund Fund Balance- The Capital Improvement Fund fund balance at December 31, 2015 was a negative \$356,873. This shortfall relates to a budgeting error. This shortfall will be corrected in the ensuing year.

2-C. GASB Statement No. 68 Implementation – For the year ended December 31, 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB No. 68); and the related GASB No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68 which is effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and established new financial reporting requirements for most governments that provide their employees with pension benefits. For the City, the effect of implementing this standard was to change how it accounts and reports the net pension liability (asset). Implementation of the standard resulted in a restatement of the prior period Net position as follows:

Statement of Activities	
	Governmental Activities
Net Position, December 31, 2014, as Previously Reported	\$ 187,679,787
Cumulative Effect of the Application of GASB 68, Net Pension Liability	(2,153,763)
Cumulative Effect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan During Fiscal Year Ending December 31, 2014	488,278
Net Position, December 31, 2014, as Restated	\$ 186,014,302

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3- Detailed Notes on All Funds (Continued)

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

Credit Risk - The City’s investment policy is to apply the prudent person rule where investments are made as a prudent person would be expected to act. The City’s investment policy limits investments in fixed income securities to U.S. Treasury Bills; U.S. Government Agencies; Certificates of Deposit; Commercial Paper; Investment-grade Obligations of State; Repurchase Agreements; Money Market Mutual Funds; and Local Government Investment Pools. The investment policy limits investments in commercial paper to be rated A-1 by Standard & Poor’s, P-1 by Moody’s, or F-1 by Fitch at the time of purchase.

As of December 31, 2015, the City had \$2,902,728 invested in the Colorado Local Governments Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Act of 1940, as amended. Colotrust is rated AAAM by Standards and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

As of December 31, 2015, the City had \$238,913 invested in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Act of 1940, as amended. CSAFE is rated AAAM by Standards and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by participating governments.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3- Detailed Notes on All Funds (Continued)

As of December 31, 2015 the City was invested in Federal Home Loan Bank, Fannie Mae, Freddie Mac, and Federal Farm Credit Bank. As of December 31, 2015 the City had the following investments and maturities:

Investment Type	S&P Rating	Investment Maturities (in Years)			Fair Value	Percentage
		Less Than 1 Year	1-5 Years			
FEDERAL FARM CR BKS	AA+	\$ 997,165	\$ 4,985,144	\$ 5,982,309	21%	
FEDERAL HOME LN MTG CORP	AA+	-	7,977,548	7,977,548	28%	
FEDERAL HOME LOAN BANKS	AA+	-	5,996,387	5,996,387	21%	
FEDERAL NATL MTG ASSN	AA+	-	4,989,371	4,989,371	18%	
Colotrust	AAAm	2,902,728	-	2,902,728	11%	
CSafe	AAAm	238,913	-	238,913	1%	
Total		\$ 4,138,806	\$ 23,948,450	\$ 28,087,256	100%	

Investments \$ 28,087,256

Reconciliation to Total Deposits and Investments

Add:

Cash on Hand and in Banks

Component Unit

Cash and Investments

8,722,166

219,598

220,098

Restricted Cash and Investments

Certificates of Participation Cash invested in

Colotrust

Investment in ICMA

Investment in Empower Retirement

Restricted Cash and Investments

344,269

57,111

70,270

471,650

Total Cash and Investments

\$ 37,501,170

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

Cash & Investment Reconciliation:

		Cash and Cash Investments
Fund Reporting Level:		
Governmental Funds - Cash on hand	\$	17,681
Governmental Funds - Equity in treasurer's cash and investments		17,525,378
Governmental Funds - Cash held in escrow		477,335
Proprietary Fund Type Statement of Net Position - Enterprise Funds		15,827,643
Proprietary Fund Type Statement of Net Position - Internal Service Funds		3,433,035
Cash and investments - Component Unit		220,098
 Total	 \$	 37,501,170
 Government-wide Level:		
Cash and investments - primary government	\$	37,281,072
Cash and investments - Component Unit		220,098
 Total	 \$	 37,501,170

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

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

At least 5 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day’s notice. The City’s total portfolio was within these limits for the year ended December 31, 2015. Restricted cash and assets are those assets that are restricted by voter restriction or restricted legally by state statutes or city code of ordinances.

3-B. Receivables

Receivables at December 31, 2015, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3- Detailed Notes on All Funds (Continued)

3-C. Property Taxes

Property taxes as set by the City Council are collected by the County Treasurer. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represents 2015 taxes levied and budgeted for calendar 2016 and collectible in calendar 2016. This amount also is reflected as deferred inflow of resources at the fund financial reporting level and the government-wide financial reporting level. Following are details of the property tax calendar:

Lien date	January 1 (current year)
Levy date	December 15 (prior year)
First half installment due	February 29
Second half installment due	June 15
If paid in full	May 2

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for governmental activities, including internal service funds, for the year ended December 31, 2015, were as follows:

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 28,670,843	\$ 25,304	\$ -	\$ 28,696,147
Construction in progress	7,534,270	9,518,627	519,711	16,533,186
Total capital assets not being depreciated	<u>36,205,113</u>	<u>9,543,931</u>	<u>519,711</u>	<u>45,229,333</u>
Other capital assets:				
Buildings	44,106,562	21,081	-	44,127,643
Improvements	1,101,610	-	-	1,101,610
Equipment	18,261,872	2,164,648	933,634	19,492,886
Infrastructure	194,885,916	2,449,326	-	197,335,242
Total depreciable capital assets	<u>258,355,960</u>	<u>4,635,055</u>	<u>933,634</u>	<u>262,057,381</u>
Accumulated depreciation:				
Buildings	10,668,138	904,898	-	11,573,036
Improvements	754,890	31,127	-	786,017
Equipment	9,924,541	1,852,025	789,439	10,987,127
Infrastructure	94,825,826	5,600,974	-	100,426,800
Total accumulated depreciation	<u>116,173,395</u>	<u>8,389,024</u>	<u>789,439</u>	<u>123,772,980</u>
Total depreciable capital assets, net	<u>142,182,565</u>	<u>(3,753,970)</u>	<u>144,195</u>	<u>138,284,401</u>
Governmental activities capital assets, net	<u>\$ 178,387,678</u>	<u>\$ 5,789,962</u>	<u>\$ 663,906</u>	<u>\$ 183,513,734</u>

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The following are the changes in the business-type activities, excluding internal service funds, for the year ended December 31, 2015.

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 5,007,011	\$ -	\$ -	\$ 5,007,011
Water Rights	5,852,732	-	-	5,852,732
Construction in progress	352,108	2,410,236	240,442	2,521,902
Total capital assets not being depreciated	11,211,851	2,410,236	240,442	13,381,645
Depreciable capital assets:				
Buildings	21,362,443	-	-	21,362,443
Equipment	6,961,113	404,044	249,719	7,115,438
Infrastructure	56,679,971	1,548,992	-	58,228,963
Total depreciable capital assets	85,003,527	1,953,036	249,719	86,706,844
Accumulated depreciation:				
Buildings	10,871,365	550,390	-	11,421,755
Equipment	4,183,618	564,431	249,719	4,498,330
Infrastructure	18,985,636	1,366,525	-	20,352,161
Total accumulated depreciation	34,040,619	2,481,346	249,719	36,272,246
Total depreciable capital assets, net	50,962,908	(528,310)	-	50,434,598
Business-type activities capital assets, net	\$ 62,174,759	\$ 1,881,926	\$ 240,442	\$ 63,816,243

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

Governmental activities depreciation expense is allocated as follows:

General government	\$	1,705,150
Public Safety		205,563
Public Works		4,927,746
Library		389,979
Parks and Recreation		<u>1,160,586</u>
Total governmental activities depreciation expense	<u>\$</u>	<u>8,389,024</u>

Business-type activities depreciation expense is allocated as follows:

Water	\$	1,150,728
Sewer		735,514
Sustainable Services		142,802
Transportation Services		<u>452,302</u>
Total business-type activities depreciation expense	<u>\$</u>	<u>2,481,346</u>

3-E. – Interfund Balances and Transfers

Interfund balances at December 31, 2015, the \$575,000 interfund receivable from the general fund to the capital improvement fund relates to a short term cash loan that will be paid back to the general fund in January 2015.

	Interfund Receivable	Interfund Payable
Capital Improvements fund	\$ -	\$ 575,000
General fund	<u>575,000</u>	<u>-</u>
Total	<u>\$ 575,000</u>	<u>\$ 575,000</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer to	Transfers From:						Total
	General Fund	Capital Improvements Fund	Parks, Open Space, Trails Fund	Non-major Governmental Funds	Water Fund	Sewer Fund	
General fund	\$ -	\$ -	\$ 318,118	\$ 65,000	\$ -	\$ -	\$ 383,118
Capital projects fund	3,097,832	-	-	4,332,500	-	-	7,430,332
Capital Improvements fund	500,000	-	-	400,000	-	-	900,000
Nonmajor-governmental funds	-	2,589,659	-	1,178,005	-	-	3,767,664
Water fund	-	-	-	-	-	4,424	4,424
Sewer fund	-	-	-	-	3,945	-	3,945
Transportation Services fund	-	-	-	135,000	-	-	135,000
	<u>\$ 3,597,832</u>	<u>\$ 2,589,659</u>	<u>\$ 318,118</u>	<u>\$ 6,110,505</u>	<u>\$ 3,945</u>	<u>\$ 4,424</u>	<u>\$ 12,624,483</u>

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

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-F. Compensated Absences

All permanent employees of the City are permitted to accumulate a maximum carryover of accrued PTO for any employee in the amount of two times the accrual rate in effect for that employee on the reconciliation date for the second pay date in June. Leave in excess of the maximum carryover will be paid out at one quarter of the employee's pay rate at year-end reconciliation during the last pay period in June.

3-G. Operating Leases

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

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

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

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

On November 20, 2003, the City entered into a sub-lease agreement as lessor with Cellular Inc. Network Corporation, d/b/a Verizon Wireless, for a small area of land and space on the City's radio antenna tower located on Smelter Mountain. The lessee built a small building and placed equipment on the tower. At termination of the lease, the lessee must remove the building and equipment. The lease calls for annual payments of \$20,600 for the first year with 3% annual increases for subsequent years. The term of the lease is for ten years beginning on October 1, 2003 and ending on September 30, 2013. In 2013, this lease was automatically renewed for another 10 years. The lease is subject to earlier termination if the City's lease for the site with the State of Colorado Department of Natural Resources changes or is terminated. The lease agreement does not meet the criteria of a capital lease. The radio tower on which the space is rented did not meet the City's criteria for capitalization and is not being depreciated.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

On April 5, 2007, the City entered into a lease agreement as lessor with CommNet Four Corners, LLC. for use of City premises to operate and maintain a radio communications facility. The premises are located at the Junction Creek Water Tank. The initial term of the lease is five years with the option to renew for four additional periods of five years. In 2012, this lease was automatically renewed for another 5 years. The lease calls for an annual rent payment of \$20,000 for the first year with 3% annual increases each year thereafter. The premises leased include space on an existing water tower and land on which to put a removable building.

On September 20, 1983, the City entered into a lease agreement with Southwest Colorado Community Corrections Center, Inc. for a 1.2-acre tract of City-owned land. The original lease was for a period of twenty years commencing on September 19, 1983. Conditions of the lease included that the lessee must construct a community corrections facility on the demised property. This has been accomplished and the building has been recognized in the City's general capital assets. In conjunction with the lease the City of Durango issued and sold Anticipation Warrants to aid in the financing of the facility. The lease payments were sufficient to cover principal and interest payments on the Anticipation Warrants as they became due. All outstanding warrants have been retired. All improvements constructed on the property become property of the City. On December 5, 1989, the City expanded the provisions of the original lease to provide for an additional 10 years, which brings the term of the lease through September 18, 2013. In addition, the amended lease agreement authorizes expansion of the premises. On July 17, 2012, the City entered a new lease agreement with Southwest Colorado Community Corrections Center, Inc. The new lease encompasses a 2.4-acre tract of City-owned land. The lease is for a period of twenty years ending in 2032 and may be extended for two five year periods. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The cost of the assets being leased was \$189,488. The carrying amount of the assets was \$64,426 at December 31, 2015. Depreciation taken during 2015 was \$3,790.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

On December 31, 1999, the City entered into a lease agreement with the Volunteers of America for a City-owned parcel of land with an existing building for purposes of operating a shelter. The lease commences on January 1, 2000 and extends until December 31, 2019, subject to annual review and renewal by the parties. On July 17, 2012 the City entered into a new lease agreement with the Volunteers of America. The lease is for a term of twenty years commencing on July 17, 2012, and terminating July 18, 2032 with the option to renew for two additional periods of five years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty year term was payable in advance upon execution of the agreement. The carrying value of the leased asset was \$55,284 at December 31, 2015 with a cost of \$81,925 and current year depreciation of \$1,650.

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

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

On April 17, 2007 the City entered into a lease agreement with Durango 4-C Council Tri-County Head Start Program. The term was extended until December 31, 2016 in December of 2012. The lessee shall pay to the City \$25,500 per year or monthly installments of \$2,125. Lessee shall use and occupy the premises for the head Start Programs and Administration.

On May 29, 2007 the City entered into a lease agreement with the Children's Museum of Durango d/b/a the Durango Discovery Museum for a City-owned property known as the Power Plant located in the northern section of the Central Business District. The lease is for a term of twenty-five years commencing on May 29, 2007, and terminating May 30, 2032 with the option to renew for additional periods of ten years. The consideration for the lease is an annual rental of \$1 per year. The rental for the entire twenty-five year term was payable in advance upon execution of the agreement. The carrying value of the leased assets is \$831,000 with a cost of \$1,146,724 and current year depreciation of \$34,057.

On August 14, 1995 the City entered into a lease agreement with La Plata Youth Services for a City-owned property at 2301 Main Ave, also known as the A-frame building. The original lease was for a term of two years terminating in 1997 with the option to renew every two years. On December 3, 2013, an amended lease began for a term of one year terminating on December 3, 2014 with the option to renew each year. In 2014, the lease was renewed for another year. The consideration for the lease is an annual rental of \$1 per year. The parcel did not meet the City's criteria for capitalization.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

On June 1, 2014, the City entered into a lease agreement as a lessor with the Durango Gun Club for the property located at 590 Florida Rd. The lease commences on June 1, 2014 and extends for one year to May 31, 2015. The lease will automatically be extended for successive one year terms unless notice is provided by either party of intent not to renew. This lease was automatically renewed until May 31, 2016. No rent shall be due under this lease.

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

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

On August 1, 2014, the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for a 51 parking spaces located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 1, 2014 and extends for ten months to May 31, 2015. The lease calls for a lump sum rent payment of \$13,000 due at least 5 days prior to distribution of passes for the spaces.

On August 1, 2015, the City entered into a lease agreement as a lessor with the Southwest Colorado Community College for a 30 parking spaces located in the Transit Center parking lot at 250 W 8th St. The lease commences on August 1, 2015 and extends for ten months to May 31, 2016. The lease calls for a lump sum rent payment of \$7,650 due at least 5 days prior to distribution of passes for the spaces.

On June 1, 2014, the City entered into a lease agreement as a lessor with Trails 2000 for 399 square feet of office space located in the Carnegie Building at 1188 E 2nd Avenue. The lease commences on June 1, 2014 and extends for one year to June 1, 2015 with the option to renew for five one year terms. In 2015, this lease was renewed for one more year. The consideration for the lease is an annual rental of \$1 per year.

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

On October 24, 1985, the City entered into a lease agreement as a lessor with Durango Chamber of Commerce for the building and property located at 111 S Camino del Rio. The lease commences on October 24, 1985 and extends for thirty years to October 31, 2015. In 2015, this lease was renewed for one twenty year term. The consideration for the lease is an annual rental of \$1 per year. Payment for the entire term was received at the commencement of the lease.

On November 12, 2013, the City entered into a lease agreement as a lessor with the Southwest Colorado Council of Governments for 528 square feet of office space located in the Carnegie Building at 1188 E 2nd Avenue. The lease commences on November 12, 2013 and extends for one year to November 12, 2014 with the option to renew for one year. In 2014, the lease was renewed for one more year. In 2015, a new lease was entered into with the same terms. The consideration for the lease is an annual rental of \$1 per year.

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

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

On May 31, 2007, the City entered into a lease agreement as a lessee with the State of Colorado through the Colorado Department of Transportation for use of 25 square feet of area on the rooftop of the Colorado State Patrol building at 20591 Hwy 160 to install and operate a radio antenna. The lease commences on July 1, 2007 and extends for a period of 10 years to July 1, 2017. The consideration for the lease is a rental of \$0.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

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

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

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

On April 2, 2013, the City entered into a lease as lessee with Durango School District 9R for use of a tract of land as a park. The premises are located north of 12th St, east of Main Ave adjacent to the School District 9R Administration Building known as Buckley Park. The lease commences on April 2, 2013 and extends for 10 years

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

through April 2, 2023 with the option to renew for two ten year periods. The consideration for the lease is a lump sum of \$1,000 for each ten year term of the lease.

As of December 31, 2015, future minimum rentals receivable under operating leases are as follows:

Year Ending December 31,	Amount
2016	\$ 268,265
2017	266,789
2018	222,650
2019	219,832
2020	226,334
2021-2025	<u>233,124</u>
Total	<u>\$ 1,436,995</u>

3-H. Long-Term Debt

Revenue Bonds – In 1999, the City issued \$14,000,000 Sales and Use Tax Revenue Bonds, series 1999, with interest rates ranging from 4.75 percent to 5.5 percent due in annual installments of \$320,000 to \$1,150,000 beginning December 1, 2000 through December 31, 2018. In December 2008, the City refunded these Bonds and issued \$9,598,045 Sales and Use Tax Revenue Bonds, series 2008, with interest rates ranging from 3.25 percent to 4.25 percent due in annual installments of \$325,000 to \$1,135,000 beginning December 1, 2009 through December 1, 2018. Original bonds outstanding total \$3,260,000.

Annual debt service requirements to amortize the 2008 sales and use tax revenue bonds outstanding, as of December 31, 2015 follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 1,040,000	133,238	1,173,238
2017	1,085,000	91,638	1,176,638
2018	<u>1,135,000</u>	<u>48,238</u>	<u>1,183,238</u>
Total	<u>\$ 3,260,000</u>	<u>\$ 273,114</u>	<u>\$ 3,533,114</u>

In 2007, the City issued \$15,890,000 Sales and Use Tax Revenue Bonds, series 2007, with interest rates ranging from 4.00 percent to 4.125 percent due in annual installments of \$625,000 to \$1,215,000 beginning December 1, 2008 through December 1, 2025.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize the 2007 sales and use tax revenue bonds outstanding, as of December 31, 2015 follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 845,000	408,919	1,253,919
2017	880,000	375,119	1,255,119
2018	915,000	339,919	1,254,919
2019	950,000	303,319	1,253,319
2020	990,000	265,319	1,255,319
2021-2025	<u>5,605,000</u>	<u>698,595</u>	<u>6,303,595</u>
Total	<u>\$ 10,185,000</u>	<u>\$ 2,391,190</u>	<u>\$ 12,576,190</u>

In 2009, the City issued \$17,585,000 Sales and Use Tax Revenue Bonds, series 2009, with interest rates ranging from 2.50 percent to 5.0 percent due in annual installments of \$655,000 to \$1,275,000 beginning December 1, 2009 through December 1, 2028.

Annual debt service requirements to amortize the 2009 sales and use tax revenue bonds outstanding, as of December 31, 2015 follow:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 775,000	554,198	1,329,198
2017	800,000	529,010	1,329,010
2018	830,000	501,010	1,331,010
2019	860,000	469,885	1,329,885
2020	895,000	435,485	1,330,485
2021-2025	5,120,000	1,535,050	6,655,050
2026-2028	<u>3,660,000</u>	<u>338,175</u>	<u>3,998,175</u>
Total	<u>\$ 12,940,000</u>	<u>\$ 4,362,813</u>	<u>\$ 17,302,813</u>

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

Year Ending December 31,	Principal	Interest	Total
2016	\$ 176,210	70,055	246,265
2017	179,663	66,603	246,266
2018	183,183	63,082	246,265
2019	186,773	59,493	246,266
2020	190,433	55,833	246,265
2021-2025	1,009,620	221,706	1,231,325
2026-2030	1,112,490	118,836	1,231,325
2031-2033	<u>598,057</u>	<u>17,606</u>	<u>615,663</u>
Total	<u>\$ 3,636,429</u>	<u>\$ 673,214</u>	<u>\$ 4,309,643</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Certificates of Participation - In 2014, the City issued series 2014 Certificates of Participation in the amount of \$2,700,000, proceeds will be used to construct Wilson Gulch Road in what is known as Three Springs within the City limits. This road will provide for economic development with big box retailers to ensure long term viability for the City. Principal and interest payments will be reimbursed from GRVP, LLC up to \$947,600 until bona fide commitments to locate new retail within the Three Springs Development in an amount in excess of a total of 11,000 square feet of retail space or until December 31, 2019 whichever occurs first. A schedule, by years, of future minimum lease payments under the lease agreement as of December 31, 2015 follows:

Year Ending December 31,	Base Rental	Interest	Total
2016	\$ 100,000	91,000	191,000
2017	100,000	87,500	187,500
2018	105,000	84,000	189,000
2019	110,000	80,325	190,325
2020	115,000	76,475	191,475
2021-2025	625,000	320,250	945,250
2026-2030	750,000	202,125	952,125
2031-2034	695,000	264,075	959,075
Total	\$ 2,600,000	\$ 1,205,750	\$ 3,805,750

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2015:

	Outstanding			Outstanding 12/31/2015	Amounts Due in One Year
	1/1/2015	Additions	Reductions		
Governmental Activities					
2007 Sales & Use Tax Revenue Bonds	\$ 11,000,000	\$ -	\$ 815,000	\$ 10,185,000	\$ 845,000
2008 Sales & Use Tax Revenue Bonds	4,265,000	-	1,005,000	3,260,000	1,040,000
2009 Sales & Use Tax Revenue Bonds	13,695,000	-	755,000	12,940,000	775,000
2014 Certificates of Participation	2,700,000	-	100,000	2,600,000	100,000
Bond Premium Amortization	375,111	-	36,494	338,617	36,494
Compensated Absences	1,206,036	1,318,791	1,212,409	1,312,419	656,209
Total Governmental Activities	<u>\$ 33,241,147</u>	<u>\$ 1,318,791</u>	<u>\$ 3,923,903</u>	<u>\$ 30,636,036</u>	<u>\$ 3,452,703</u>
Business Type Activities					
CWRPDA Loan	\$ 3,809,251	\$ -	\$ 172,823	\$ 3,636,428	\$ 176,210
Compensated Absences- Enterprise Funds	270,083	285,507	302,195	253,394	126,697
Total Business Type Activities	<u>\$ 4,079,334</u>	<u>\$ 285,507</u>	<u>\$ 475,018</u>	<u>\$ 3,889,823</u>	<u>\$ 302,907</u>

These bonds are being serviced by sales/use tax revenue transferred from the recreation complex/trails fund and the capital improvements fund. The 2007 bonds were issued for the construction of a new Public Library. The 2008 bonds are used to pay debt on the Recreation Center and the Animas River Trail and River Greenway. The 2009 bonds were issued for the reconstruction of Florida Road. The Water Fund charges and services provide funding for annual payments on the water storage loan. The City believes they are in compliance with all covenants related to all long term debt.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. The General fund is used to liquidate the compensated absences liability.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-1. Pensions

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

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

Firemen Plan Benefits Provided -Members are eligible for retirement benefits upon reaching age 50 with 20 years of service. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 1.75 percent of final salary times service in excess of 20 years served since January 1, 1992. The maximum benefit amount is limited to 70 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2015 there are no active members in the plan.

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

Policemen Plan Benefits Provided - Members are eligible for retirement benefits upon reaching age 55 with 20 years service or upon completion of 25 years of service, if earlier. Such benefits are equivalent to a monthly pension equal to 2.5 percent of final salary times service limited to 20 years plus 2.0 percent of final salary times service in excess of 20 years, limited to a maximum total benefit of 75 percent of final salary. Members are vested after ten years of service. A Deferred Retirement Option Plan (DROP) amendment received a favorable determination by the Internal Revenue Service in December 2001. The amendment allows active members to elect to have a monthly benefit, along with their employee contributions to the plan, deposited into a separate account while they continue to be employed. However, they must terminate from the City no later than five years after the election. Upon termination, the participant receives the benefit of all funds accumulated in their DROP account as well as a monthly pension payment. As of December 31, 2015 there are no active members in the plan.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Membership of each plan was comprised of the following on December 31, 2015:

	<u>Firemen Pension</u>	<u>Policemen Pension</u>
Retirees and beneficiaries receiving benefits	10	9
Disabled retired member	-	-
Active plan members	-	-
Total	<u>10</u>	<u>9</u>

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

Contributions to the plans for the year ended December 31, 2015 were as follows:

	<u>Firemen Pension</u>	<u>Policemen Pension</u>
Employer contributions	\$ 117,868	\$ 110,495
Employee contributions	-	-
Total	<u>\$ 117,868</u>	<u>\$ 110,495</u>

Net Pension Liability-Fireman Plan

The City of Durango's net pension liability for each Plan is measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

Actuarial Assumptions

The total pension liabilities in the January 1, 2014 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	16 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.0 percent
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar adjustments.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Asset Allocation for FPPA

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annualized 5 year Return Percentage</u>
Global Equity	40%	9.97
Illiquid Alternatives	18%	16.17
Fixed Income	15%	5.05
Absolute Return	12%	4.03
Equity Long/Short	10%	6.39
Managed Futures	4%	14.37
Cash	1%	

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate are available upon request.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Net Pension Liability/ (Asset)
Measurement Period Ended December 31, 2014

Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	153,060
Benefit Changes	146,102
Difference between expected and actual experience of the Total Pension Liability	-
Changes of assumptions	-
Benefit payments	(253,376)
Net change in total pension liability	<u>\$ 45,786</u>
Total pension liability beginning	<u>2,165,197</u>
Total pension liability ending	<u><u>\$ 2,210,983</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 234,321
Contributions - employee	-
Net investment income	71,839
Benefit payments	(253,376)
Pension Plan Administrative Expense	(5,792)
Net change in plan fiduciary net position	<u>\$ 46,992</u>
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	<u>1,133,657</u>
Plan fiduciary net position - ending (Market value of assets at end of year)	<u><u>\$ 1,180,649</u></u>
Net Pension liability/(asset)	<u><u>\$ 1,030,334</u></u>

Plan fiduciary net position as a percentage of the total pension liability 53.40%

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

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

Sensitivity of Net Pension Liability/(Asset)		
To the Single Discount Rate Assumption		
Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ 1,200,326	\$ 1,030,334	\$ 881,846

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2015, the City recognized pension expense of \$2,454. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,816	-
Total	\$ 9,816	\$ -

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:	
2016	\$ 2,454
2017	2,454
2018	2,454
2019	2,454
	\$ 9,816

Net Pension Liability-Policeman Plan

The City of Durango's net pension liability for each Plan is measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. A summary of principal assumptions and methods used to determine the net pension liability is show below.

Actuarial Assumptions

The total pension liabilities in the January 1, 2014 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.0 percent
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Mortality Table, with Blue Collar adjustments.

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Asset Allocation for FPPA

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annualized 5 year Return Percentage</u>
Global Equity	40%	9.97
Illiquid Alternatives	18%	16.17
Fixed Income	15%	5.05
Absolute Return	12%	4.03
Equity Long/Short	10%	6.39
Managed Futures	4%	14.37
Cash	1%	

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate are available upon request.

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

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Net Pension Liability/ (Asset)
Measurement Period Ended December 31, 2014

Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	199,962
Benefit Changes	153,187
Difference between expected and actual experience of the Total Pension Liability	-
Changes of assumptions	-
Benefit payments	(290,415)
Net change in total pension liability	<u>\$ 62,734</u>
Total pension liability beginning	<u>2,808,749</u>
Total pension liability ending	<u><u>\$ 2,871,483</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 253,957
Contributions - employee	-
Net investment income	108,853
Benefit payments	(290,415)
Pension Plan Administrative Expense	(6,641)
Net change in plan fiduciary net position	<u>\$ 65,754</u>
Plan fiduciary net position - beginning (Market value of assets at beginning of year)	<u>1,686,526</u>
Plan fiduciary net position - ending (Market value of assets at end of year)	<u><u>\$ 1,752,280</u></u>
Net Pension liability/(asset)	<u><u>\$ 1,119,203</u></u>

Plan fiduciary net position as a percentage of the total pension liability 61.02%

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

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

Sensitivity of Net Pension Liability/(Asset)		
To the Single Discount Rate Assumption		
Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ 1,358,558	\$ 1,119,203	\$ 911,366

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended December 31, 2015, the City recognized pension expense of \$3,210. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Current Single Discount	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	12,839	-
Total	<u>\$ 12,839</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2016	\$ 3,210
2017	3,210
2018	3,210
2019	3,209
	<u>\$ 12,839</u>

The City participates in two defined contribution plans.

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 20% at 1 year, 40% at 2 years, 60% at 3 years, and 80% at 4 years. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2015 was \$19,167,847. The City's payroll for employees covered by the plan was \$3,485,661. The contribution to the plan totaled \$704,104, which consists of \$313,710 contributed by employees and \$390,394 contributed by the City.

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees covered by this plan are eligible to participate from the date of employment. The plan defines the City and employee contributions at 11.2% and 9% respectively. The City's contributions for each employee are fully vested after five years. These contributions are vested at 20% at 1 year, 40% at 2 years, 60% at 3 years, and 80% at 4 years. City contributions, and the interest thereon, for employees who leave employment prior to becoming vested are applied towards the City's obligation to contribute.

The City's total payroll for the year ended December 31, 2015 was \$19,167,847. The City's payroll for employees covered by the plan was \$13,753,938. The contribution to the plan totaled \$2,778,296, which consists of \$1,237,855 contributed by employees and \$1,540,441 contributed by the City.

3-J. Net Investment in Capital Assets

Net investment in capital assets on the government-wide statement of net position as of December 31, 2015 are as follows:

Net investments in capital assets	Governmental <u>Activities</u>	Business <u>Type Activities</u>
Cost of Capital Assets	\$ 307,286,714	\$ 100,088,489
Less accumulated depreciation	123,772,980	36,272,246
Book Value	183,513,734	63,816,243
Less capital related debt	29,667,886	3,636,428
Net investment in capital assets	<u>\$ 153,845,848</u>	<u>\$ 60,179,815</u>

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-K Fund Equity

Fund Balances - Fund balances are classified as follows:

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

General Fund:

Inventories	\$ <u>44,071</u>
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- **Restricted** - The following fund balances are legally restricted to specified purposes:

General Fund:

Emergencies	\$1,248,110
Reserve for PEG Capital Purchases	102,510
Reserve for police confiscations	68,500
School dedication fees	92,430
Pension	<u>127,381</u>

Total	\$ <u>1,638,931</u>
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Nonmajor Governmental Funds:

Recreation Complex/Trails	\$ 729,792
Conservation Trust Projects	609,769
Debt Service Payments	<u>313,472</u>

Total	\$ <u>1,653,033</u>
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Major Capital Projects Fund:

Capital Projects	\$2,935,853
Parks, Open Space and Trails Fund	<u>1,662,343</u>

Total	\$ <u>4,598,196</u>
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- **Committed** - The following fund balances are committed to the following purposes:

General Fund:

Affordable housing	\$ <u>42,191</u>
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Total	\$ <u>42,191</u>
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Major Capital Projects Funds:

Capital projects	\$ <u>6,466,945</u>
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Nonmajor Governmental Funds:

Park development projects	\$ 123,982
Road Impact fee projects	52,778
Durango Tourism	219,636
Storm drainage fee projects	<u>7,708</u>

Total	\$ <u>404,104</u>
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City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

General Fund:

Funds held in Escrow	\$ 487,768
Recreation donations	15,030
Reserve for subsequent year's budget	<u>1,029,500</u>
Total	<u>\$1,532,298</u>

Nonmajor Governmental Funds:

Loan payables	\$ <u>14,764</u>
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Note 4 - Other Notes

4-A. Risk Management

Employee Medical Insurance - Effective January 1, 1985, the City began a self-insurance program for medical claims. The purpose of the program is to pay medical claims of City employees and their covered dependents up to certain limits and to minimize the total cost of annual medical insurance to the City. The employer pays employee and a percentage of the dependent coverage. Claims are processed and paid by Meritain Health, a third party administrator. Individual excess risk coverage commences after an individual has incurred \$75,000 of claims in a year. The City carried the aggregate coverage for any claims up to a maximum of \$2,907,000 in 2015. The excess risk coverage for both individual and aggregate claims coverage was covered by Reliastar Life Insurance Co., a private insurance carrier. Settled claims have not exceeded coverage in any of the past three fiscal years.

The claims liability reported in the Self Insurance Fund (an internal service fund) at December 31, 2015 is based on claims reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

Date	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2013	270,289	2,271,678	2,346,928	195,039
2014	195,039	2,790,682	2,670,295	315,426
2015	315,426	2,521,374	2,651,114	185,686

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

CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 - Other Notes (Continued)

members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

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

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

4-B. Contingent Liabilities

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

The City was a defendant in several lawsuits at December 31, 2015. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. Joint Ventures

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

The Airport's net position at fiscal year-end was \$36,641,631, 50 percent equity interest is booked as the joint venture.

Summary of Changes in Net Position

	Business-Type Activities
	2015
Revenues:	
Operating revenue	\$ 4,581,219
Non-operating revenue	58,767
Total revenues	\$ 4,639,986
Expenses:	
Operating expense	\$ 2,596,295
Depreciation	2,283,930
Total expenses	\$ 4,880,225
Capital contributions	\$ 731,039
Change in net position	\$ 490,800
Beginning net position	36,150,831
Ending net position	\$ 36,641,631

City of Durango, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 - Other Notes (Continued)

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

	Business-Type Activities
	2015
Assets:	
Current assets	\$ 6,692,505
Capital assets	30,146,802
Total assets	\$ 36,839,307
Liabilities:	
Current liabilities	\$ 156,175
Long term liabilities	41,500
Total liabilities	\$ 197,675
Net position:	
Net investment in capital assets	\$ 30,146,802
Unrestricted	3,123,948
Restricted	3,370,881
Total net position	\$ 36,641,631

The City's equity interest in the airport is reported in the government-wide capital assets. The City's equity interest in the Durango-LaPlata County Airport was \$18,320,816 at December 31, 2015. The Durango La Plata County Airport issues separate financial statements which may be obtained from the Airport or from the City of Durango Finance Department.

4-D. Tax, Spending and Debt Limitations

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

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

4-E. Subsequent Events

On April 22, 2016, the City refunded the outstanding 2007 Sales & Use Tax Revenue Bonds.



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City of Durango, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Required Supplementary Information
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,175,954	\$ (24,046)	\$ 1,153,727
Specific Ownership Taxes	105,000	105,000	109,183	4,183	110,407
Sales taxes	14,789,000	14,789,000	15,019,744	230,744	14,243,981
Use taxes	1,285,105	1,285,105	966,518	(318,587)	797,772
Sales and use tax audit	175,000	175,000	60,448	(114,552)	254,143
La Plata Count shared sales tax	3,765,000	3,765,000	3,814,184	49,184	3,570,505
La Plata County joint sales tax	1,868,438	1,868,438	1,891,568	23,130	952,783
Cigarette tax	100,000	100,000	92,978	(7,022)	94,291
Franchise fees and occupational taxes	1,277,000	1,277,000	1,571,120	294,120	1,362,019
Special assessments	70,000	70,000	32,512	(37,488)	32,941
Intergovernmental	2,419,330	3,163,958	2,608,851	(555,107)	4,121,877
Licenses and permits	873,500	873,500	758,615	(114,885)	598,919
Charges for services	4,507,170	4,507,170	4,410,239	(96,931)	4,302,684
Fines and forfeitures	505,000	505,000	257,379	(247,621)	318,307
Investment earnings	105,000	105,000	74,112	(30,888)	98,831
Miscellaneous	1,267,775	1,267,775	925,077	(342,698)	785,783
Total Revenues	34,312,318	35,056,946	33,768,482	(1,288,464)	32,798,970
Expenditures					
Current					
General government	6,865,146	6,938,594	6,612,206	326,388	7,893,292
Public safety	11,411,875	11,786,304	11,397,958	388,346	11,248,010
Public works	3,559,561	3,617,936	2,973,459	644,477	2,890,219
Parks and recreation	6,493,230	6,501,718	5,835,388	666,330	5,407,607
Library	2,115,014	2,115,014	2,019,770	95,244	2,038,290
Community services	918,808	1,342,593	1,177,037	165,556	1,621,398
Non-departmental	1,426,861	1,435,047	1,612,742	(177,695)	4,901,407
Principal retirement	100,000	100,000	100,000	-	-
Interest and fiscal charges	87,666	87,666	87,666	-	-
Total Expenditures	32,978,161	33,924,872	31,816,226	2,108,646	36,000,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,334,157	1,132,074	1,952,256	820,182	(3,201,253)
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	11,619	(13,381)	68,394
Transfers in	647,118	647,118	383,118	(264,000)	504,258
Transfers out	(3,506,275)	(3,926,107)	(3,597,832)	328,275	-
Total Other Financing Sources (Uses)	(2,834,157)	(3,253,989)	(3,203,095)	50,894	572,652
Net Change in Fund Balances	(1,500,000)	(2,121,915)	(1,250,839)	871,076	(2,628,601)
Fund Balances Beginning of Year			9,307,296		11,906,244
Decrease in Reserve for Inventory			(1,118)		29,653
Fund Balances End of Year			\$ 8,055,339		\$ 9,307,296

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Complex/Trails Fund – to account for the one-half cent sales and use tax revenues voted on and adopted by the electorate in April 1999. The revenues may only be used to pay the debt service on the Sales and Use Tax Revenue Bonds, series 1999, for construction of the recreation complex, and for the completion of the Animas River Trail System.

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

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

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

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

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

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

Debt Service Funds

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

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 1,266,474	\$ 313,472	\$ 1,579,946
Receivables			
Accounts	14,764	-	14,764
Sales and use taxes	420,923	-	420,923
Lodger's taxes	56,268	-	56,268
Total Assets	\$ 1,758,429	\$ 313,472	\$ 2,071,901
Liabilities and Fund Balances			
Fund Balances			
Restricted	1,339,561	313,472	1,653,033
Committed	404,104	-	404,104
Assigned	14,764	-	14,764
Total Fund Balances	1,758,429	313,472	2,071,901
Total Liabilities and Fund Balances	\$ 1,758,429	\$ 313,472	\$ 2,071,901

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Sales taxes	\$ 3,755,414	\$ -	\$ 3,755,414
Use taxes	241,666	-	241,666
Lodgers' taxes	974,572	-	974,572
Intergovernmental	198,699	-	198,699
Licenses and permits	11,300	-	11,300
Charges for services	250	-	250
Investment earnings	52,455	-	52,455
Miscellaneous	455,294	-	455,294
Total Revenues	5,689,650	-	5,689,650
Expenditures			
Current			
General government	10,597	-	10,597
Parks and recreation	12,751	-	12,751
Economic development	758,775	-	758,775
Debt Service			
Principal retirement	-	2,575,000	2,575,000
Interest and fiscal charges	-	1,193,691	1,193,691
Total Expenditures	782,123	3,768,691	4,550,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,907,527	(3,768,691)	1,138,836
Other Financing Sources (Uses)			
Transfers in	-	3,767,664	3,767,664
Transfers out	(6,110,505)	-	(6,110,505)
Total Other Financing Sources (Uses)	(6,110,505)	3,767,664	(2,342,841)
Net Change in Fund Balances	(1,202,978)	(1,027)	(1,204,005)
Fund Balances Beginning of Year	2,961,407	314,499	3,275,906
Fund Balances End of Year	\$ 1,758,429	\$ 313,472	\$ 2,071,901

City of Durango, Colorado
General Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash on hand	\$ 17,681	\$ 13,806
Equity in treasurer's cash and investments	5,220,842	6,737,137
Cash held in escrow	477,335	500,709
Receivables:		
Accounts receivable	153,520	148,955
Property taxes	1,268,784	1,178,683
Sales and use taxes receivable	1,683,438	1,624,132
Franchise taxes	74,440	72,936
Special assessments	292,790	247,892
Intergovernmental receivables	965,141	654,855
Interest	648,161	450,756
Interfund	575,000	880,000
Inventory	44,071	45,189
Total Assets	<u>\$ 11,421,203</u>	<u>\$ 12,555,050</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 637,027	\$ 658,852
Accrued expenditures	404,879	406,545
Deposits	614,130	597,752
Unearned revenue	441,044	405,922
Total Liabilities	<u>2,097,080</u>	<u>2,069,071</u>
Deferred Inflows of Resources		
Property taxes	1,268,784	1,178,683
Total Deferred Inflows of Resources	<u>1,268,784</u>	<u>1,178,683</u>
Total Liabilities	<u>\$ 3,365,864</u>	<u>\$ 3,247,754</u>
Fund Balances		
Nonspendable	44,071	45,189
Restricted	1,638,931	1,428,167
Committed	42,191	1,500,000
Assigned	1,532,298	566,016
Unassigned	4,797,848	5,767,924
Total Fund Balances	<u>8,055,339</u>	<u>9,307,296</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,421,203</u>	<u>\$ 12,555,050</u>

City of Durango, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Taxes:					
Property	\$ 1,200,000	\$ 1,200,000	\$ 1,175,954	\$ (24,046)	\$ 1,153,727
Specific ownership	105,000	105,000	109,183	4,183	110,407
Sales tax	14,789,000	14,789,000	15,019,744	230,744	14,243,981
Use tax	1,285,105	1,285,105	966,518	(318,587)	797,772
Sales and use tax audit	175,000	175,000	60,448	(114,552)	254,143
La Plata County sales tax	3,765,000	3,765,000	3,814,184	49,184	3,570,505
Joint sales tax	1,868,438	1,868,438	1,891,568	23,130	952,783
Cigarette tax	100,000	100,000	92,978	(7,022)	94,291
Franchise and business tax	1,277,000	1,277,000	1,571,120	294,120	1,362,019
Total Taxes	24,564,543	24,564,543	24,701,697	137,154	22,539,628
Licenses and Permits:					
Business license and permits	473,500	473,500	401,780	(71,720)	271,313
Building permits	400,000	400,000	356,835	(43,165)	327,606
Total Licenses and Permits	873,500	873,500	758,615	(114,885)	598,919
Intergovernmental:					
Grants	386,886	1,131,514	582,814	(548,700)	1,165,571
Highway user tax	492,000	492,000	524,987	32,987	507,012
Severance/mineral lease	455,000	455,000	410,848	(44,152)	450,399
Motor vehicle registration	60,000	60,000	62,392	2,392	62,071
Road and bridge	175,000	175,000	165,403	(9,597)	160,473
Other intergovernmental	850,444	850,444	862,407	11,963	1,776,351
Total Intergovernmental	2,419,330	3,163,958	2,608,851	(555,107)	4,121,877
Charges for Services:					
General government charges	310,750	310,750	227,266	(83,484)	238,743
Public safety charges	50,000	50,000	97,906	47,906	53,817
Cemetery charges	60,000	60,000	82,775	22,775	81,600
Recreation Center charges	2,091,950	2,091,950	2,093,748	1,798	1,842,981
Recreation program charges	913,050	913,050	910,110	(2,940)	1,049,093
Total Charges for Services	3,425,750	3,425,750	3,411,805	(13,945)	3,266,234
Fines and Forfeits:					
Traffic fines	400,000	400,000	174,783	(225,217)	233,331
Non-traffic fines	65,000	65,000	54,390	(10,610)	52,106
Library fines	40,000	40,000	28,206	(11,794)	32,870
Total Fines and Forfeits	505,000	505,000	257,379	(247,621)	318,307
Special assessments	70,000	70,000	32,512	(37,488)	32,941
Miscellaneous					
Pension forfeitures	100,000	100,000	137,075	37,075	86,662
Rents and royalties	350,000	350,000	298,041	(51,959)	373,575
Contributions and donations	424,775	424,775	195,038	(229,737)	25,640
Other miscellaneous	408,000	408,000	299,261	(108,739)	311,371
Total Miscellaneous	1,282,775	1,282,775	929,415	(353,360)	797,248
Services provided	1,066,420	1,066,420	994,096	(72,324)	1,024,985
Investment earnings	105,000	105,000	74,112	(30,888)	98,831
Total Revenues	34,312,318	35,056,946	33,768,482	(1,288,464)	32,798,970
Other Financing Sources (Uses)					
Sale of capital assets	25,000	25,000	11,619	(13,381)	68,394
Transfers in	647,118	647,118	383,118	(264,000)	504,258
Total Other Financing Sources (Uses)	672,118	672,118	394,737	(277,381)	572,652
Total Revenues and Other Financing Sources	\$ 34,984,436	\$ 35,729,064	\$ 34,163,219	\$ (1,565,845)	\$ 33,371,622

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
General Government					
Legislative					
City council	\$ 200,914	\$ 200,914	\$ 214,641	\$ (13,727)	\$ 195,402
City boards	19,450	76,450	20,524	55,926	18,952
Total Legislative	<u>220,364</u>	<u>277,364</u>	<u>235,165</u>	<u>42,199</u>	<u>214,354</u>
Executive and Legal					
City manager	602,950	602,950	500,995	101,955	607,751
City attorney	313,131	313,131	294,007	19,124	266,240
Total Executive and Legal	<u>916,081</u>	<u>916,081</u>	<u>795,002</u>	<u>121,079</u>	<u>873,991</u>
Administrative					
Human resources	343,033	343,033	338,281	4,752	305,671
City clerk	549,075	549,075	543,464	5,611	511,802
Municipal court	273,443	273,443	252,871	20,572	257,721
Business development	214,658	214,658	206,261	8,397	199,276
Communications	233,629	233,629	223,823	9,806	1,779,130
Total Administrative	<u>1,613,838</u>	<u>1,613,838</u>	<u>1,564,700</u>	<u>49,138</u>	<u>3,053,600</u>
Finance					
Accounting	709,870	709,870	726,048	(16,178)	691,129
Finance	336,062	336,062	326,188	9,874	315,813
Information systems	1,555,473	1,571,921	1,538,543	33,378	1,351,278
Total Finance	<u>2,601,405</u>	<u>2,617,853</u>	<u>2,590,779</u>	<u>27,074</u>	<u>2,358,220</u>
Community Development					
Planning	1,342,956	1,342,956	1,242,797	100,159	1,231,857
Natural lands preservation	119,113	119,113	110,891	8,222	111,525
Code enforcement	170,502	170,502	183,763	(13,261)	161,270
Total Community Development	<u>1,632,571</u>	<u>1,632,571</u>	<u>1,537,451</u>	<u>95,120</u>	<u>1,504,652</u>
Total General Government	<u>6,984,259</u>	<u>7,057,707</u>	<u>6,723,097</u>	<u>334,610</u>	<u>8,004,817</u>
Public Safety					
Police					
Administration	2,746,759	3,110,563	3,021,056	89,507	2,822,539
Operations	3,897,452	3,908,077	3,600,074	308,003	3,569,023
Total Police	<u>6,644,211</u>	<u>7,018,640</u>	<u>6,621,130</u>	<u>397,510</u>	<u>6,391,562</u>
911 Communications	1,400,279	1,400,279	1,406,631	(6,352)	1,422,751
Fire					
Fire services	3,367,385	3,367,385	3,370,197	(2,812)	3,433,697
Total Public Safety	<u>11,411,875</u>	<u>11,786,304</u>	<u>11,397,958</u>	<u>388,346</u>	<u>11,248,010</u>

City of Durango, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Works					
Engineering	683,052	684,752	645,292	39,460	606,330
Street maintenance	1,648,610	1,705,285	1,364,516	340,769	1,530,621
Snow and ice	861,935	861,935	630,682	231,253	523,352
Street cleaning	365,964	365,964	332,969	32,995	229,916
Total Public Works	3,559,561	3,617,936	2,973,459	644,477	2,890,219
Parks and Recreation					
Parks and recreation administration	420,658	420,658	410,910	9,748	376,405
Recreation administration	215,312	215,312	216,363	(1,051)	198,676
Recreation programs	660,506	660,506	605,278	55,228	570,768
Cemetery	314,632	314,632	269,633	44,999	272,241
Parks	2,106,520	2,115,008	1,724,857	390,151	1,454,466
Recreation center	2,205,193	2,205,193	2,058,636	146,557	2,012,597
Chapman Hill	419,617	419,617	406,471	13,146	384,294
Mason center	31,679	31,679	32,349	(670)	26,635
Total Parks and Recreation	6,374,117	6,382,605	5,724,497	658,108	5,296,082
Library	2,123,014	2,123,014	1,889,270	233,744	2,038,290
Community Services	918,808	1,342,593	1,177,037	165,556	1,621,398
Non-Departmental					
Miscellaneous	4,558,523	4,978,355	4,744,052	234,303	5,789,741
Buildings and plant	554,279	562,465	784,688	(222,223)	(888,334)
Total Non-Departmental	5,112,802	5,540,820	5,528,740	12,080	4,901,407
	5,112,802	5,540,820	5,528,740	12,080	4,901,407
Total Expenditures	\$ 36,484,436	\$ 37,850,979	\$ 35,414,058	\$ 2,436,921	\$ 36,000,223

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Recreation Complex/Trails	Revolving Loan	Durango Tourism	Parks & Recreation Development
Assets				
Equity in treasurer's cash and investments	\$ 308,869	\$ -	\$ 163,368	\$ 123,982
Receivables				
Accounts	-	14,764	-	-
Sales taxes	420,923	-	-	-
Lodger's taxes	-	-	56,268	-
Total Assets	\$ 729,792	\$ 14,764	\$ 219,636	\$ 123,982
Liabilities and Fund Balances				
Fund Balances				
Restricted	729,792	-	-	-
Committed	-	-	219,636	123,982
Assigned	-	14,764	-	-
Total Fund Balances	729,792	14,764	219,636	123,982
Total Liabilities and Fund Balances	\$ 729,792	\$ 14,764	\$ 219,636	\$ 123,982

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
\$ 609,769	\$ 52,778	\$ 7,708	\$ 1,266,474
-	-	-	14,764
-	-	-	420,923
-	-	-	56,268
<u>\$ 609,769</u>	<u>\$ 52,778</u>	<u>\$ 7,708</u>	<u>\$ 1,758,429</u>
609,769	-	-	1,339,561
-	52,778	7,708	404,104
-	-	-	14,764
<u>609,769</u>	<u>52,778</u>	<u>7,708</u>	<u>1,758,429</u>
<u>\$ 609,769</u>	<u>\$ 52,778</u>	<u>\$ 7,708</u>	<u>\$ 1,758,429</u>

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Recreation Complex/Trails	Revolving Loan	Durango Tourism	Parks & Recreation Development
Revenues				
Sales taxes	\$ 3,755,414	\$ -	\$ -	\$ -
Use taxes	241,666	-	-	-
Lodgers taxes	-	-	974,572	-
Intergovernmental	-	-	28,500	-
Licenses and permits	-	-	-	11,300
Charges for services	-	-	-	-
Investment earnings	42,052	-	-	1,220
Miscellaneous	-	-	37,500	19,614
Total Revenues	<u>4,039,132</u>	<u>-</u>	<u>1,040,572</u>	<u>32,134</u>
Expenditures				
Current				
General government	-	10,597	-	-
Parks and recreation	12,751	-	-	-
Economic development	-	-	758,775	-
Total Expenditures	<u>12,751</u>	<u>10,597</u>	<u>758,775</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,026,381</u>	<u>(10,597)</u>	<u>281,797</u>	<u>32,134</u>
Other Financing Sources (Uses)				
Transfers out	(5,510,505)	-	(200,000)	-
Total Other Financing Sources (Uses)	<u>(5,510,505)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,484,124)</u>	<u>(10,597)</u>	<u>81,797</u>	<u>32,134</u>
Fund Balances Beginning of Year	<u>2,213,916</u>	<u>25,361</u>	<u>137,839</u>	<u>91,848</u>
Fund Balances End of Year	<u>\$ 729,792</u>	<u>\$ 14,764</u>	<u>\$ 219,636</u>	<u>\$ 123,982</u>

Conservation Trust	Road Impact	Storm Drainage	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,755,414
-	-	-	241,666
-	-	-	974,572
170,199	-	-	198,699
-	-	-	11,300
-	-	250	250
5,754	3,340	89	52,455
-	398,180	-	455,294
<u>175,953</u>	<u>401,520</u>	<u>339</u>	<u>5,689,650</u>
-	-	-	10,597
-	-	-	12,751
-	-	-	758,775
-	-	-	782,123
<u>175,953</u>	<u>401,520</u>	<u>339</u>	<u>4,907,527</u>
-	(400,000)	-	(6,110,505)
-	(400,000)	-	(6,110,505)
175,953	1,520	339	(1,202,978)
<u>433,816</u>	<u>51,258</u>	<u>7,369</u>	<u>2,961,407</u>
\$ <u>609,769</u>	\$ <u>52,778</u>	\$ <u>7,708</u>	\$ <u>1,758,429</u>

City of Durango, Colorado
Recreation Complex and Trails Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 308,869	\$ 1,807,822
Sales and use taxes receivable	420,923	406,094
Total Assets	<u>\$ 729,792</u>	<u>\$ 2,213,916</u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	729,792	2,213,916
Total Fund Balances	<u>729,792</u>	<u>2,213,916</u>
Total Liabilities and Fund Balances	<u>\$ 729,792</u>	<u>\$ 2,213,916</u>

City of Durango, Colorado
Recreation Complex and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			Variance Favorable (Unfavorable)	2014
	Original Budget	Final Budget	Actual		Actual
Revenues					
Sales taxes	\$ 3,674,142	\$ 3,674,142	\$ 3,755,414	\$ 81,272	\$ 3,561,448
Use taxes	291,675	291,675	241,666	(50,009)	199,638
Investment earnings	15,000	15,000	42,052	27,052	22,601
Total Revenues	<u>3,980,817</u>	<u>3,980,817</u>	<u>4,039,132</u>	<u>58,315</u>	<u>3,783,687</u>
Expenditures					
Parks and recreation	-	-	12,751	(12,751)	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>12,751</u>	<u>(12,751)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,980,817</u>	<u>3,980,817</u>	<u>4,026,381</u>	<u>45,564</u>	<u>3,783,687</u>
Other Financing Sources (Uses)					
Transfers out	(3,674,938)	(5,774,938)	(5,510,505)	264,433	(3,037,659)
Net Change in Fund Balances	<u>\$ 305,879</u>	<u>\$ (1,794,121)</u>	<u>(1,484,124)</u>	<u>\$ 309,997</u>	<u>746,028</u>
Fund Balances Beginning of Year			<u>2,213,916</u>		<u>1,467,888</u>
Fund Balances End of Year			<u>\$ 729,792</u>		<u>\$ 2,213,916</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Loan Receivables	\$ 14,764	\$ 25,361
Total Assets	<u>\$ 14,764</u>	<u>\$ 25,361</u>
Liabilities and Fund Balances		
Fund Balances		
Assigned	14,764	25,361
Total Fund Balances	<u>14,764</u>	<u>25,361</u>
Total Liabilities and Fund Balances	<u>\$ 14,764</u>	<u>\$ 25,361</u>

City of Durango, Colorado
Revolving Loan Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Expenditures		
Current		
General government	\$ 10,597	\$ 21,633
Total Expenditures	<u>10,597</u>	<u>21,633</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(10,597)	(21,633)
Fund Balances Beginning of Year	<u>25,361</u>	<u>46,994</u>
Fund Balances End of Year	<u>\$ 14,764</u>	<u>\$ 25,361</u>

City of Durango, Colorado
Durango Tourism Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Equity in treasurer's cash and investments	\$ 163,368	\$ 92,905
Lodger's taxes receivable	56,268	56,934
Intergovernmental	-	46,500
Total Assets	\$ 219,636	\$ 196,339
Liabilities and Fund Balances		
Liabilities		
Accounts payable	-	58,500
Total Liabilities	-	58,500
Fund Balances		
Committed	219,636	137,839
Total Fund Balances	219,636	137,839
Total Liabilities and Fund Balances	\$ 219,636	\$ 196,339

City of Durango, Colorado
Durango Tourism Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			Variance Favorable (Unfavorable)	2014
	Original Budget	Final Budget	Actual		Actual
Revenues					
Lodgers taxes	\$ 948,150	\$ 948,150	\$ 974,572	\$ 26,422	\$ 918,679
Intergovernmental	-	28,500	28,500	-	46,500
Miscellaneous	-	-	37,500	37,500	20,000
Total Revenues	<u>948,150</u>	<u>976,650</u>	<u>1,040,572</u>	<u>63,922</u>	<u>985,179</u>
Expenditures					
Economic development	672,500	762,355	758,775	3,580	777,227
Total Expenditures	<u>672,500</u>	<u>762,355</u>	<u>758,775</u>	<u>3,580</u>	<u>777,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>275,650</u>	<u>214,295</u>	<u>281,797</u>	<u>67,502</u>	<u>207,952</u>
Other Financing Sources (Uses)					
Transfers out	(200,000)	(200,000)	(200,000)	-	(160,000)
Net Change in Fund Balances	<u>\$ 75,650</u>	<u>\$ 14,295</u>	<u>81,797</u>	<u>\$ 67,502</u>	<u>47,952</u>
Fund Balances Beginning of Year			<u>137,839</u>		<u>89,887</u>
Fund Balances End of Year			<u>\$ 219,636</u>		<u>\$ 137,839</u>

City of Durango, Colorado
Parks and Recreation Development Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 123,982	\$ 91,848
Total Assets	<u>\$ 123,982</u>	<u>\$ 91,848</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>123,982</u>	<u>91,848</u>
Total Fund Balances	<u>123,982</u>	<u>91,848</u>
Total Liabilities and Fund Balances	<u>\$ 123,982</u>	<u>\$ 91,848</u>

City of Durango, Colorado
Parks and Recreation Development Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			Variance Favorable (Unfavorable)	2014
	Original Budget	Final Budget	Actual		Actual
Revenues					
Licenses and permits	\$ 16,000	\$ 16,000	\$ 11,300	\$ (4,700)	\$ 6,500
Investment earnings	500	500	1,220	720	934
Miscellaneous	15,000	15,000	19,614	4,614	26,700
Total Revenues	<u>31,500</u>	<u>31,500</u>	<u>32,134</u>	<u>634</u>	<u>34,134</u>
Net Change in Fund Balances	<u>\$ 31,500</u>	<u>\$ 31,500</u>	<u>32,134</u>	<u>\$ 634</u>	<u>34,134</u>
Fund Balances Beginning of Year			<u>91,848</u>		<u>57,714</u>
Fund Balances End of Year			<u>\$ 123,982</u>		<u>\$ 91,848</u>

City of Durango, Colorado
Conservation Trust Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 609,769	\$ 433,816
Total Assets	<u>\$ 609,769</u>	<u>\$ 433,816</u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	<u>609,769</u>	<u>433,816</u>
Total Fund Balances	<u>609,769</u>	<u>433,816</u>
Total Liabilities and Fund Balances	<u>\$ 609,769</u>	<u>\$ 433,816</u>

City of Durango, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Intergovernmental	\$ 185,000	\$ 185,000	\$ 170,199	\$ (14,801)	\$ 167,004
Investment earnings	4,000	4,000	5,754	1,754	5,416
Total Revenues	<u>189,000</u>	<u>189,000</u>	<u>175,953</u>	<u>(13,047)</u>	<u>172,420</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(350,000)
Net Change in Fund Balances	<u>\$ 189,000</u>	<u>\$ 189,000</u>	<u>175,953</u>	<u>\$ (13,047)</u>	<u>(177,580)</u>
Fund Balances Beginning of Year			<u>433,816</u>		<u>611,396</u>
Fund Balances End of Year			<u>\$ 609,769</u>		<u>\$ 433,816</u>

City of Durango, Colorado
Road Impact Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 52,778	\$ 51,258
Total Assets	<u>\$ 52,778</u>	<u>\$ 51,258</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	<u>52,778</u>	<u>51,258</u>
Total Fund Balances	<u>52,778</u>	<u>51,258</u>
Total Liabilities and Fund Balances	<u>\$ 52,778</u>	<u>\$ 51,258</u>

City of Durango, Colorado
Road Impact Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Investment earnings	\$ 5,000	\$ 5,000	\$ 3,340	\$ (1,660)	\$ 2,197
Miscellaneous	400,000	400,000	398,180	(1,820)	383,532
Total Revenues	<u>405,000</u>	<u>405,000</u>	<u>401,520</u>	<u>(3,480)</u>	<u>385,729</u>
Other Financing Sources (Uses)					
Transfers out	(400,000)	(400,000)	(400,000)	-	(800,000)
Net Change in Fund Balances	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>1,520</u>	<u>\$ (3,480)</u>	<u>(414,271)</u>
Fund Balances Beginning of Year			<u>51,258</u>		<u>465,529</u>
Fund Balances End of Year			<u>\$ 52,778</u>		<u>\$ 51,258</u>

City of Durango, Colorado
Storm Drainage Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 7,708	\$ 7,369
Total Assets	<u>\$ 7,708</u>	<u>\$ 7,369</u>
Liabilities and Fund Balances		
Fund Balances		
Committed	7,708	7,369
Total Fund Balances	<u>7,708</u>	<u>7,369</u>
Total Liabilities and Fund Balances	<u>\$ 7,708</u>	<u>\$ 7,369</u>

City of Durango, Colorado
Storm Drainage Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			Variance Favorable (Unfavorable)	2014
	Original Budget	Final Budget	Actual		Actual
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 250	\$ (750)	\$ 100
Investment earnings	500	500	89	(411)	369
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>339</u>	<u>(1,161)</u>	<u>469</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(75,000)
Net Change in Fund Balances	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>339</u>	<u>\$ (1,161)</u>	<u>(74,531)</u>
Fund Balances Beginning of Year			<u>7,369</u>		<u>81,900</u>
Fund Balances End of Year			<u>\$ 7,708</u>		<u>\$ 7,369</u>

City of Durango, Colorado
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015

	2008 Sales Tax Bonds Debt Service Funds	2007, 2009 Sales Tax Bonds Debt Service Fund	Total Nonmajor Debt Service Funds
Assets			
Equity in treasurers cash and investments	\$ 97,962	\$ 215,510	\$ 313,472
Fund balances			
Restricted	\$ 97,962	\$ 215,510	\$ 313,472

City of Durango, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2015

	2008 Sales Tax Bonds Debt Service Funds	2007, 2009 Sales Tax Bonds Debt Service Fund	Total Nonmajor Debt Service Funds
Expenditures			
Debt Service			
Principal retirement	\$ 1,005,000	\$ 1,570,000	\$ 2,575,000
Interest and fiscal charges	173,438	1,020,253	1,193,691
Total Expenditures	<u>1,178,438</u>	<u>2,590,253</u>	<u>3,768,691</u>
Other financing sources (uses)			
Transfers in	<u>1,178,005</u>	<u>2,589,659</u>	<u>3,767,664</u>
Total Other Financing Sources (Uses)	<u>1,178,005</u>	<u>2,589,659</u>	<u>3,767,664</u>
Net Change in Fund Balances	(433)	(594)	(1,027)
Fund Balances Beginning of Year	<u>98,395</u>	<u>216,104</u>	<u>314,499</u>
Fund Balances End of Year	<u>\$ 97,962</u>	<u>\$ 215,510</u>	<u>\$ 313,472</u>

City of Durango, Colorado
2008 Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurers cash and investments	\$ 97,962	\$ 98,395
Fund balances		
Restricted	\$ 97,962	\$ 98,395

City of Durango, Colorado
2008 Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Expenditures		
Debt Service		
Principal retirement	\$ 1,005,000	\$ 965,000
Interest and fiscal charges	173,438	209,625
Total Expenditures	<u>1,178,438</u>	<u>1,174,625</u>
Other financing sources (uses)		
Transfers in	<u>1,178,005</u>	<u>1,174,943</u>
Total Other Financing Sources (Uses)	<u>1,178,005</u>	<u>1,174,943</u>
Net Change in Fund Balances	(433)	318
Fund Balances Beginning of Year	<u>98,395</u>	<u>98,077</u>
Fund Balances End of Year	<u>\$ 97,962</u>	<u>\$ 98,395</u>

City of Durango, Colorado
2007, 2009 Sales Tax Bonds Debt Service Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurers cash and investments	\$ 215,510	\$ 216,104
Fund balances		
Restricted	\$ 215,510	\$ 216,104

City of Durango, Colorado
2007, 2009 Sales Tax Bonds Debt Service Fund
Comparative Statement of Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Expenditures		
Debt Service		
Principal retirement	\$ 1,570,000	\$ 1,510,000
Interest and fiscal charges	1,020,253	1,073,353
Total Expenditures	<u>2,590,253</u>	<u>2,583,353</u>
Other financing sources (uses)		
Transfers in	<u>2,589,659</u>	<u>2,583,929</u>
Total Other Financing Sources (Uses)	<u>2,589,659</u>	<u>2,583,929</u>
Net Change in Fund Balances	(594)	576
Fund Balances Beginning of Year	<u>216,104</u>	<u>215,528</u>
Fund Balances End of Year	<u>\$ 215,510</u>	<u>\$ 216,104</u>

City of Durango, Colorado
Capital Projects Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Equity in treasurer's cash and investments	\$ 8,946,752	\$ 7,093,880
Receivables:		
Accounts receivable	91,094	-
Intergovernmental receivables	1,188,932	322,040
Total Assets	<u>\$ 10,226,778</u>	<u>\$ 7,415,920</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 823,980	\$ 490,591
Total Liabilities	<u>\$ 823,980</u>	<u>\$ 490,591</u>
Fund Balances		
Restricted	2,935,853	2,543,554
Committed	6,466,945	4,381,775
Total Fund Balances	<u>9,402,798</u>	<u>6,925,329</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,226,778</u>	<u>\$ 7,415,920</u>

City of Durango, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Totals for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Intergovernmental	\$ 468,500	\$ 1,415,024	\$ 5,353,794	\$ 3,938,770	\$ 692,986
Investment earnings	100,000	100,000	35,635	(64,365)	57,997
Miscellaneous	25,000	112,546	299,064	186,518	71,738
Total Revenues	<u>593,500</u>	<u>1,627,570</u>	<u>5,688,493</u>	<u>4,060,923</u>	<u>822,721</u>
Expenditures					
General government	465,000	1,569,548	684,290	885,258	665,910
Public works	3,206,500	14,231,403	8,701,568	5,529,835	3,929,285
Parks and recreation	2,432,500	7,243,638	1,255,498	5,988,140	1,951,111
Total Expenditures	<u>6,104,000</u>	<u>23,044,589</u>	<u>10,641,356</u>	<u>12,403,233</u>	<u>6,546,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,510,500)</u>	<u>(21,417,019)</u>	<u>(4,952,863)</u>	<u>16,464,156</u>	<u>(5,723,585)</u>
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	-	2,700,000
Transfers in	4,999,000	7,518,832	7,430,332	(88,500)	6,671,907
Total Other Financing Sources (Uses)	<u>4,999,000</u>	<u>7,518,832</u>	<u>7,430,332</u>	<u>(88,500)</u>	<u>9,371,907</u>
Net Change in Fund Balances	<u>\$ (511,500)</u>	<u>\$ (13,898,187)</u>	<u>2,477,469</u>	<u>\$ 16,375,656</u>	<u>3,648,322</u>
Fund Balances Beginning of Year			<u>6,925,329</u>		<u>3,277,007</u>
Fund Balances End of Year			<u>\$ 9,402,798</u>		<u>\$ 6,925,329</u>

City of Durango, Colorado
Capital Improvements Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Equity in treasurer's cash and investments	\$ 7,792	\$ 1,674
Receivables:		
Sales and use taxes receivable	210,335	202,925
Total Assets	\$ 218,127	\$ 204,599
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Interfund payable	\$ 575,000	\$ 880,000
Total Liabilities	\$ 575,000	\$ 880,000
Fund Balances		
Unassigned	(356,873)	(675,401)
Total Fund Balances	(356,873)	(675,401)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 218,127	\$ 204,599

City of Durango, Colorado
Capital Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Totals for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 1,789,384	\$ 1,789,384	\$ 1,876,581	\$ 87,197	\$ 1,779,655
Use taxes	145,800	145,800	120,760	(25,040)	99,759
Investment earnings	5,000	5,000	10,846	5,846	8,564
Total Revenues	<u>1,940,184</u>	<u>1,940,184</u>	<u>2,008,187</u>	<u>68,003</u>	<u>1,887,978</u>
Expenditures					
Capital Outlay	-	34,849	-	34,849	191,782
Total Expenditures	<u>-</u>	<u>34,849</u>	<u>-</u>	<u>34,849</u>	<u>191,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,940,184</u>	<u>1,905,335</u>	<u>2,008,187</u>	<u>102,852</u>	<u>1,696,196</u>
Other Financing Sources (Uses)					
Transfers in	900,000	900,000	900,000	-	800,000
Transfers out	(2,590,254)	(2,590,254)	(2,589,659)	595	(2,583,929)
Total Other Financing Sources (Uses)	<u>(1,690,254)</u>	<u>(1,690,254)</u>	<u>(1,689,659)</u>	<u>595</u>	<u>(1,783,929)</u>
Net Change in Fund Balances	<u>\$ 249,930</u>	<u>\$ 215,081</u>	<u>318,528</u>	<u>\$ 103,447</u>	<u>(87,733)</u>
Fund Balances Beginning of Year			<u>(675,401)</u>		<u>(587,668)</u>
Fund Balances End of Year			<u>\$ (356,873)</u>		<u>\$ (675,401)</u>

City of Durango, Colorado
Parks, Open Space and Trails Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Equity in treasurer's cash and investments	\$ 1,770,046	\$ 1,716,630
Receivables:		
Sales and use taxes receivable	210,335	202,925
Intergovernmental receivables	15,508	16,185
Total Assets	\$ 1,995,889	\$ 1,935,740
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 333,546	\$ 200,300
Total Liabilities	\$ 333,546	\$ 200,300
Fund Balances		
Restricted	1,662,343	1,735,440
Total Fund Balances	1,662,343	1,735,440
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,995,889	\$ 1,935,740

City of Durango, Colorado
Parks, Open Space and Trails Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Totals for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Sales taxes	\$ 1,789,384	\$ 1,789,384	\$ 1,876,581	\$ 87,197	\$ 1,779,655
Use taxes	145,800	145,800	120,761	(25,039)	99,759
Intergovernmental	-	45,000	81,371	36,371	141,825
Investment earnings	20,000	20,000	21,096	1,096	25,461
Miscellaneous	4,800	100,050	112,450	12,400	22,603
Total Revenues	<u>1,959,984</u>	<u>2,100,234</u>	<u>2,212,259</u>	<u>112,025</u>	<u>2,069,303</u>
Expenditures					
Capital Outlay	550,000	4,135,444	1,967,238	2,168,206	2,812,535
Total Expenditures	<u>550,000</u>	<u>4,135,444</u>	<u>1,967,238</u>	<u>2,168,206</u>	<u>2,812,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,409,984</u>	<u>(2,035,210)</u>	<u>245,021</u>	<u>2,280,231</u>	<u>(743,232)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	350,000
Transfers out	(318,118)	(318,118)	(318,118)	-	(304,042)
Total Other Financing Sources (Uses)	<u>(318,118)</u>	<u>(318,118)</u>	<u>(318,118)</u>	<u>-</u>	<u>45,958</u>
Net Change in Fund Balances	<u>\$ 1,091,866</u>	<u>\$ (2,353,328)</u>	<u>(73,097)</u>	<u>\$ 2,280,231</u>	<u>(697,274)</u>
Fund Balances Beginning of Year			<u>1,735,440</u>		<u>2,432,714</u>
Fund Balances End of Year			<u>\$ 1,662,343</u>		<u>\$ 1,735,440</u>

MAJOR ENTERPRISE FUNDS

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

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

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

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

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 9,690,633	\$ 9,742,601
Receivables		
Accounts	601,079	379,112
Inventory	155,034	150,659
Total Current Assets	<u>10,446,746</u>	<u>10,272,372</u>
Noncurrent Assets		
Note receivable	178,009	190,251
Capital Assets		
Land	6,575,919	6,575,919
Construction in progress	1,681,428	111,665
Depreciable capital assets, net	27,389,386	27,527,258
Total Noncurrent Assets	<u>35,824,742</u>	<u>34,405,093</u>
Total Assets	<u>46,271,488</u>	<u>44,677,465</u>
Liabilities		
Current Liabilities		
Accounts payable	259,542	122,868
Accrued wages	29,577	30,196
Compensated Absences - due in one year	31,776	48,092
Loan payable	176,210	172,823
Total Current Liabilities	<u>497,105</u>	<u>373,979</u>
Long Term Liabilities		
Compensated absences net of current portion	31,776	48,092
Loan payable net of current portion	3,460,218	3,636,428
Total Liabilities	<u>3,989,099</u>	<u>4,058,499</u>
Net Position		
Net Investment in capital assets	32,010,305	34,214,842
Unrestricted	10,272,084	6,404,124
Total Net Position	<u>\$ 42,282,389</u>	<u>\$ 40,618,966</u>

City of Durango, Colorado
Water Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 5,015,640	\$ 3,559,706
Miscellaneous	156,477	187,635
Total Operating Revenues	<u>5,172,117</u>	<u>3,747,341</u>
Operating Expenses		
Administration	332,872	413,937
Source of supply	655	6,521
Pumping	213,393	219,252
Transmission and distribution	994,072	838,793
Treatment	771,319	916,244
Meter reading and repairs	138,595	151,057
Non-departmental	669,038	926,123
Payment for services	426,400	391,500
Depreciation	1,150,728	1,115,600
Total Operating Expenses	<u>4,697,072</u>	<u>4,979,027</u>
Operating Income (Loss)	<u>475,045</u>	<u>(1,231,686)</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	228	3,840
Intergovernmental grants	-	7,255
Investment earnings	120,529	118,958
Total Non-Operating Revenues (Expenses)	<u>120,757</u>	<u>130,053</u>
Income (Loss) Before Capital Contributions and Transfers	595,802	(1,101,633)
Capital contributions	1,067,142	1,396,135
Transfers in	4,424	-
Transfers out	(3,945)	(16,070)
Change in Net Position	1,663,423	278,432
Net Position Beginning of Year	<u>40,618,966</u>	<u>40,340,534</u>
Net Position End of Year	<u>\$ 42,282,389</u>	<u>\$ 40,618,966</u>

City of Durango, Colorado
Water Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 6,390,310	\$ 6,390,310	\$ 5,015,640	\$ (1,374,670)
Gain on disposal of assets	-	-	228	228
Plant investment fees	350,000	350,000	831,956	481,956
Miscellaneous	170,000	170,000	156,477	(13,523)
Intergovernmental grants	-	2,795	-	(2,795)
Investment earnings	60,000	60,000	120,529	60,529
Total Revenues	6,970,310	6,973,105	6,124,830	(848,275)
Expenditures				
Administration	365,395	415,039	332,872	82,167
Source of supply	13,900	13,900	655	13,245
Pumping	389,120	389,120	213,393	175,727
Transmission and distribution	1,074,551	1,074,551	994,072	80,479
Treatment	1,023,077	1,023,077	771,319	251,758
Meter reading and repairs	146,830	146,830	138,595	8,235
Non-departmental	2,986,157	9,383,106	3,012,046	6,371,060
Payment for services	432,233	432,233	426,400	5,833
Total Expenditures	6,431,263	12,877,856	5,889,352	6,988,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 539,047	\$ (5,904,751)	235,478	\$ 6,140,229
Reconciliation to GAAP Net Income:				
Add capital contributions			235,186	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			2,343,008	
Add capital transfers			479	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			(1,150,728)	
Net Income (Loss)			\$ 1,663,423	

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 3,929,904	\$ 1,890,684
Receivables		
Accounts	756,472	540,653
Intergovernmental	242,635	154,259
Inventory	797	2,559
Total Current Assets	<u>4,929,808</u>	<u>2,588,155</u>
Noncurrent Assets		
Note receivable	55,038	59,876
Capital Assets		
Land	307,368	307,368
Construction in progress	840,473	-
Depreciable capital assets, net	13,824,362	14,023,213
Total Noncurrent Assets	<u>15,027,241</u>	<u>14,390,457</u>
Total Assets	<u>19,957,049</u>	<u>16,978,612</u>
Liabilities		
Current Liabilities		
Accounts payable	138,520	145,911
Accrued wages	24,814	25,815
Compensated Absences - due in one year	29,313	31,003
Total Current Liabilities	<u>192,647</u>	<u>202,729</u>
Long Term Liabilities		
Compensated absences net of current portion	29,314	31,004
Total Liabilities	<u>221,961</u>	<u>233,733</u>
Net Position		
Net Investment in capital assets	14,972,203	14,330,581
Unrestricted	4,762,885	2,414,298
Total Net Position	<u>\$ 19,735,088</u>	<u>\$ 16,744,879</u>

City of Durango, Colorado
Sewer Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 5,670,452	\$ 3,891,412
Miscellaneous	5,861	11,697
Total Operating Revenues	<u>5,676,313</u>	<u>3,903,109</u>
Operating Expenses		
Administration	317,113	187,395
Treatment	1,437,666	1,269,627
Collections	776,623	652,245
Non-departmental	108,305	627,234
Payment for services	316,475	276,700
Depreciation	735,514	718,398
Total Operating Expenses	<u>3,691,696</u>	<u>3,731,599</u>
Operating Income (Loss)	<u>1,984,617</u>	<u>171,510</u>
Non-Operating Revenues (Expenses)		
Intergovernmental grants	802,631	338,526
Investment earnings	34,221	20,754
Loan interest	-	1,110
Total Non-Operating Revenues (Expenses)	<u>836,852</u>	<u>360,390</u>
Income (Loss) Before Capital Contributions and Transfers	<u>2,821,469</u>	<u>531,900</u>
Capital contributions	169,219	399,736
Transfers in	3,945	-
Transfers out	(4,424)	(9,923)
Change in Net Position	<u>2,990,209</u>	<u>921,713</u>
Net Position Beginning of Year	<u>16,744,879</u>	<u>15,823,166</u>
Net Position End of Year	<u>\$ 19,735,088</u>	<u>\$ 16,744,879</u>

City of Durango, Colorado
Sewer Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 5,535,956	\$ 5,535,956	\$ 5,670,452	\$ 134,496
Plant investment fees	150,000	150,000	123,115	(26,885)
Miscellaneous	15,000	15,000	5,861	(9,139)
Intergovernmental grants	-	2,795	802,631	799,836
Investment earnings	20,000	20,000	34,221	14,221
Total Revenues	<u>5,720,956</u>	<u>5,723,751</u>	<u>6,636,280</u>	<u>912,529</u>
Expenditures				
Administration	249,372	404,774	317,113	87,661
Treatment	1,487,279	1,488,255	1,437,666	50,589
Collections	872,165	872,165	776,623	95,542
Non-departmental	1,719,173	3,396,082	1,435,393	1,960,689
Payment for services	316,475	316,475	316,475	-
Total Expenditures	<u>4,644,464</u>	<u>6,477,751</u>	<u>4,283,270</u>	<u>2,194,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,076,492</u>	<u>\$ (754,000)</u>	<u>2,353,010</u>	<u>\$ 3,107,010</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			46,104	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			1,327,088	
Add capital transfers			(479)	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			<u>(735,514)</u>	
Net Income (Loss)			<u>\$ 2,990,209</u>	

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 437,987	\$ 260,006
Receivables		
Accounts	258,851	261,573
Total Current Assets	<u>696,838</u>	<u>521,579</u>
Noncurrent Assets		
Capital Assets		
Land	89,622	89,622
Depreciable capital assets, net	2,600,687	2,743,490
Total Noncurrent Assets	<u>2,690,309</u>	<u>2,833,112</u>
Total Assets	<u>3,387,147</u>	<u>3,354,691</u>
Liabilities		
Current Liabilities		
Accounts payable	23,953	37,747
Accrued wages	16,150	13,456
Compensated Absences - due in one year	18,501	15,004
Total Current Liabilities	<u>58,604</u>	<u>66,207</u>
Long Term Liabilities		
Compensated absences net of current portion	18,501	15,004
Total Liabilities	<u>77,105</u>	<u>81,211</u>
Net Position		
Net Investment in capital assets	2,690,309	2,833,112
Unrestricted	619,733	440,368
Total Net Position	<u>\$ 3,310,042</u>	<u>\$ 3,273,480</u>

City of Durango, Colorado
Sustainable Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues		
Charges for sales and services	\$ 2,072,075	\$ 1,957,999
Miscellaneous	106,790	116,298
Total Operating Revenues	2,178,865	2,074,297
Operating Expenses		
Collections	874,389	819,982
Recycling	540,336	615,209
Recycling center	189,046	174,714
Sustainability	72,465	78,953
Non-departmental	104,282	97,815
Payment for services	223,105	168,550
Depreciation	142,802	142,061
Total Operating Expenses	2,146,425	2,097,284
Operating Income (Loss)	32,440	(22,987)
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	100	-
Intergovernmental grants	852	-
Investment earnings	3,170	2,195
Total Non-Operating Revenues (Expenses)	4,122	2,195
Change in Net Position	36,562	(20,792)
Net Position Beginning of Year	3,273,480	3,294,272
Net Position End of Year	\$ 3,310,042	\$ 3,273,480

City of Durango, Colorado
Sustainable Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 2,102,540	\$ 2,102,540	\$ 2,072,075	\$ (30,465)
Gain on disposal of assets	-	-	100	100
Miscellaneous	267,000	267,000	106,790	(160,210)
Intergovernmental grants	-	-	852	852
Investment earnings	5,000	5,000	3,170	(1,830)
Total Revenues	<u>2,374,540</u>	<u>2,374,540</u>	<u>2,182,987</u>	<u>(191,553)</u>
Expenditures				
Collections	1,026,693	1,026,693	874,389	152,304
Recycling	395,960	395,960	540,336	(144,376)
Recycling center	380,210	380,210	189,046	191,164
Sustainability	103,194	103,194	72,465	30,729
Non-departmental	118,324	118,324	104,282	14,042
Payment for services	228,939	228,939	223,105	5,834
Total Expenditures	<u>2,253,320</u>	<u>2,253,320</u>	<u>2,003,623</u>	<u>249,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 121,220</u>	<u>\$ 121,220</u>	<u>179,364</u>	<u>\$ 58,144</u>
Reconciliation to GAAP Net Income:				
Add capital contributions			-	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			-	
Add capital transfers			-	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			(142,802)	
Net Income (Loss)			<u>\$ 36,562</u>	

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 1,769,119	\$ 1,023,061
Receivables		
Accounts	2,176	6,555
Intergovernmental	106,613	845,846
Total Current Assets	1,877,908	1,875,462
Noncurrent Assets		
Capital Assets		
Land	3,886,835	3,886,835
Construction in progress	-	240,442
Depreciable capital assets, net	6,620,163	6,668,949
Total Noncurrent Assets	10,506,998	10,796,226
Total Assets	12,384,906	12,671,688
Liabilities		
Current Liabilities		
Accounts payable	113,406	156,559
Accrued wages	41,373	36,789
Compensated Absences - due in one year	47,107	40,942
Total Current Liabilities	201,886	234,290
Long Term Liabilities		
Compensated absences net of current portion	47,107	40,942
Total Liabilities	248,993	275,232
Net Position		
Net Investment in capital assets	10,506,998	10,796,226
Unrestricted	1,628,915	1,600,230
Total Net Position	\$ 12,135,913	\$ 12,396,456

City of Durango, Colorado
Transportation Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 2,075,618	\$ 1,917,462
Miscellaneous	29,491	29,537
Total Operating Revenues	<u>2,105,109</u>	<u>1,946,999</u>
Operating Expenses		
Administration	237,997	171,591
Parking operations	563,135	519,014
Loop system	1,831,387	1,820,243
Multi-modal	119,517	124,911
Mercy Express	205,192	203,359
Non-departmental	48,587	61,931
Payment for services	98,406	91,900
Depreciation	452,302	429,155
Total Operating Expenses	<u>3,556,523</u>	<u>3,422,104</u>
Operating Income (Loss)	<u>(1,451,414)</u>	<u>(1,475,105)</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	38,300	16,900
Intergovernmental grants	982,933	939,664
Investment earnings	22,277	19,375
Total Non-Operating Revenues (Expenses)	<u>1,043,510</u>	<u>975,939</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(407,904)</u>	<u>(499,166)</u>
Capital contributions	-	416,170
Transfers in	147,361	182,840
Change in Net Position	<u>(260,543)</u>	<u>99,844</u>
Net Position Beginning of Year	<u>12,396,456</u>	<u>12,296,612</u>
Net Position End of Year	<u>\$ 12,135,913</u>	<u>\$ 12,396,456</u>

City of Durango, Colorado
Transportation Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 2,187,260	\$ 2,187,260	\$ 2,075,618	\$ (111,642)
Gain on disposal of assets	-	-	38,300	38,300
Miscellaneous	24,500	24,500	29,491	4,991
Intergovernmental grants	1,011,640	1,061,082	982,933	(78,149)
Investment earnings	1,000	1,000	22,277	21,277
Transfers in	135,000	135,000	135,000	-
Total Revenues	3,359,400	3,408,842	3,283,619	(125,223)
Expenditures				
Administration	282,780	282,780	237,997	44,783
Parking operations	615,167	615,167	563,135	52,032
Loop system	2,030,046	2,079,488	1,831,387	248,101
Multi-modal	114,297	114,297	119,517	(5,220)
Mercy Express	195,522	195,522	205,192	(9,670)
Non-departmental	34,826	314,666	199,300	115,366
Payment for services	66,906	66,906	98,406	(31,500)
Total Expenditures	3,339,544	3,668,826	3,254,934	413,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 19,856	\$ (259,984)	28,685	\$ 288,669
Reconciliation to GAAP Net Income:				
Add capital contributions			-	
Add gain on sale of capital assets			-	
Add capital expenditures capitalized			150,713	
Add capital transfers			12,361	
Subtract loan principal received			-	
Add principal payment on advance			-	
Subtract depreciation expense			(452,302)	
Net Income (Loss)			\$ (260,543)	

INTERNAL SERVICE FUNDS

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

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

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

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

City of Durango, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Assets					
Current Assets					
Equity in treasurer's cash and investments	\$ 185,350	\$ 3,081,487	\$ 15,184	\$ 151,014	\$ 3,433,035
Accounts receivable	-	-	39,490	5,514	45,004
Inventory	97,195	206,791	-	-	303,986
Total Current Assets	282,545	3,288,278	54,674	156,528	3,782,025
Noncurrent Assets					
Capital Assets					
Land	67,889	-	-	-	67,889
Depreciable capital assets, net	1,132,336	4,569,506	-	-	5,701,842
Total Noncurrent Assets	1,200,225	4,569,506	-	-	5,769,731
Total Assets	1,482,770	7,857,784	54,674	156,528	9,551,756
Liabilities					
Current Liabilities					
Accounts payable	34,099	24,669	185,686	17,252	261,706
Accrued wages	2,324	12,670	-	1,742	16,736
Compensated Absences - due in one year	2,793	27,083	-	3,100	32,976
Total Current Liabilities	39,216	64,422	185,686	22,094	311,418
Long Term Liabilities					
Compensated absences net of current portion	2,793	27,084	-	3,100	32,977
Total Long Term Liabilities	2,793	27,084	-	3,100	32,977
Total Liabilities	42,009	91,506	185,686	25,194	344,395
Net Position					
Net Investment in capital assets	1,200,225	4,569,606	-	-	5,769,831
Unrestricted	240,536	3,196,672	(131,012)	131,334	3,437,530
Total Net Position	\$ 1,440,761	\$ 7,766,278	\$ (131,012)	\$ 131,334	\$ 9,207,361

City of Durango, Colorado
Combining Statement of Revenues
Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2015

	General Services Fund	Capital Equipment Reserve Fund	Self Insurance Fund	Risk Manager Fund	Total
Operating Revenues					
Charges for sales and services	\$ 7,339	\$ 2,823,431	\$ 3,671,642	\$ -	\$ 6,502,412
Services provided	450,000	-	-	1,201,271	1,651,271
Miscellaneous	423	498	72,879	1,072	74,872
Total Operating Revenues	457,762	2,823,929	3,744,521	1,202,343	8,228,555
Operating Expenses					
Administration	115,042	-	-	105,153	220,195
Building maintenance	232,582	-	-	-	232,582
Equipment maintenance	-	1,318,088	-	-	1,318,088
Insurance claims and premiums	-	-	-	1,096,347	1,096,347
Medical claims and premiums	-	-	3,833,957	-	3,833,957
Depreciation	30,333	1,277,093	-	-	1,307,426
Total Operating Expenses	377,957	2,595,181	3,833,957	1,201,500	8,008,595
Operating Income (Loss)	79,805	228,748	(89,436)	843	219,960
Non-Operating Revenues (Expenses)					
Gain (Loss) on the sale of capital assets	-	85,263	-	-	85,263
Investment earnings	2,389	36,846	1,298	1,301	41,834
Total Non-Operating Revenues (Expenses)	2,389	122,109	1,298	1,301	127,097
Income (Loss) Before Contributions and Transfers	82,194	350,857	(88,138)	2,144	347,057
Capital contributions	-	83,793	-	-	83,793
Transfers out	-	(12,361)	-	-	(12,361)
Change in Net Position	82,194	422,289	(88,138)	2,144	418,489
Net Position Beginning of Year	1,358,567	7,343,989	(42,874)	129,190	8,788,872
Net Position End of Year	\$ 1,440,761	\$ 7,766,278	\$ (131,012)	\$ 131,334	\$ 9,207,361

City of Durango, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015

	General Services	Capital Equipment Reserve	Self Insurance	Risk Manager	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash received from customers	\$ 457,762	\$ 2,823,799	\$ 3,950,355	\$ 1,198,269	\$ 8,430,185
Cash payments for personnel services	(123,362)	(632,004)	-	(83,333)	(838,699)
Cash payments for goods and services	(215,419)	(1,007,751)	-	(6,660)	(1,229,830)
Cash payments for claims and premiums	-	-	(3,963,697)	(1,096,347)	(5,060,044)
Net Cash Provided by (Used in) Operating Activities	<u>118,981</u>	<u>1,184,044</u>	<u>(13,342)</u>	<u>11,929</u>	<u>1,301,612</u>
Cash Flows from Noncapital Financing Activities					
Transfers in	-	83,793	-	-	83,793
Transfers out	-	(12,361)	-	-	(12,361)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>71,432</u>	<u>-</u>	<u>-</u>	<u>71,432</u>
Cash Flows from Capital and Related Financing Activities					
Cash sales of capital assets	-	229,458	-	-	229,458
Payments for capital acquisitions	-	(1,424,873)	-	-	(1,424,873)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(1,195,415)</u>	<u>-</u>	<u>-</u>	<u>(1,195,415)</u>
Cash Flows from Investing Activities					
Investment earnings	<u>2,389</u>	<u>36,846</u>	<u>1,298</u>	<u>1,301</u>	<u>41,834</u>
Net Increase (Decrease) in Cash and Cash Equivalents	121,370	96,907	(12,044)	13,230	219,463
Cash and Cash Equivalents Beginning of Year	<u>63,980</u>	<u>2,984,580</u>	<u>27,228</u>	<u>137,784</u>	<u>3,213,572</u>
Cash and Cash Equivalents End of Year	<u>\$ 185,350</u>	<u>\$ 3,081,487</u>	<u>\$ 15,184</u>	<u>\$ 151,014</u>	<u>\$ 3,433,035</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 79,805	\$ 228,748	\$ (89,436)	\$ 843	\$ 219,960
Adjustments:					
Depreciation	30,333	1,277,093	-	-	1,307,426
(Increase) Decrease in Assets:					
Accounts receivable	-	130	205,834	(4,074)	201,890
Inventory	1,444	10,915	-	-	12,359
Increase (Decrease) in Liabilities:					
Accounts payable	15,340	(341,748)	(129,740)	13,468	(442,680)
Accrued wages	(7,941)	8,906	-	1,692	2,657
Net Cash Provided by (Used in) Operating Activities	<u>\$ 118,981</u>	<u>\$ 1,184,044</u>	<u>\$ (13,342)</u>	<u>\$ 11,929</u>	<u>\$ 1,301,612</u>
Non-cash Investing, Capital and Financing Activities:					
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Equity in treasurer's cash and investments	\$ 185,350	\$ 63,980
Inventory	97,195	98,639
Total Current Assets	<u>282,545</u>	<u>162,619</u>
Noncurrent Assets		
Capital Assets		
Land	67,889	67,889
Depreciable capital assets, net	1,132,336	1,162,669
Total Noncurrent Assets	<u>1,200,225</u>	<u>1,230,558</u>
Total Assets	<u>1,482,770</u>	<u>1,393,177</u>
Liabilities		
Current Liabilities:		
Accounts payable	34,099	18,759
Accrued wages	2,324	1,969
Compensated Absences - due in one year	2,793	6,941
Total Current Liabilities	<u>39,216</u>	<u>27,669</u>
Long Term Liabilities		
Compensated absences net of current portion	2,793	6,941
Total Liabilities	<u>42,009</u>	<u>34,610</u>
Net Position		
Net Investment in capital assets	1,200,225	1,230,558
Unrestricted	240,536	128,009
Total Net Position	<u>\$ 1,440,761</u>	<u>\$ 1,358,567</u>

City of Durango, Colorado
General Services Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 7,339	\$ -
Services provided	450,000	200,000
Miscellaneous	423	-
Total Operating Revenues	<u>457,762</u>	<u>200,000</u>
Operating Expenses		
Administration	115,042	123,288
Building maintenance	232,582	105,583
Depreciation	30,333	30,333
Total Operating Expenses	<u>377,957</u>	<u>259,204</u>
Operating Income (Loss)	<u>79,805</u>	<u>(59,204)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	2,389	958
Total Non-Operating Revenues (Expenses)	<u>2,389</u>	<u>958</u>
Change in Net Position	82,194	(58,246)
Net Position Beginning of Year	<u>1,358,567</u>	<u>1,416,813</u>
Net Position End of Year	<u>\$ 1,440,761</u>	<u>\$ 1,358,567</u>

City of Durango, Colorado
General Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 5,000	\$ 5,000	\$ 7,339	\$ 2,339
Services provided	450,000	450,000	450,000	-
Miscellaneous	-	-	423	423
Investment earnings	1,000	1,000	2,389	1,389
Total Revenues	<u>456,000</u>	<u>456,000</u>	<u>460,151</u>	<u>4,151</u>
Expenditures				
Administration	149,417	149,417	115,042	34,375
Building maintenance	267,330	267,330	232,582	34,748
Total Expenditures	<u>416,747</u>	<u>416,747</u>	<u>347,624</u>	<u>69,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 39,253</u>	<u>\$ 39,253</u>	<u>112,527</u>	<u>\$ 73,274</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			-	
Add capital expenditures capitalized			-	
Subtract depreciation expense			(30,333)	
Add capital contributions			-	
Net Income (Loss)			<u>\$ 82,194</u>	

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 3,081,487	\$ 2,984,580
Accounts receivable	-	130
Inventory	206,791	217,706
Total Current Assets	<u>3,288,278</u>	<u>3,202,416</u>
Noncurrent Assets		
Capital Assets		
Depreciable capital assets, net	4,569,506	4,565,923
Total Noncurrent Assets	<u>4,569,506</u>	<u>4,565,923</u>
Total Assets	<u>7,857,784</u>	<u>7,768,339</u>
Liabilities		
Current Liabilities		
Accounts payable	24,669	366,417
Accrued wages	12,670	11,372
Compensated Absences - due in one year	27,083	23,280
Total Current Liabilities	<u>64,422</u>	<u>401,069</u>
Long Term Liabilities		
Compensated absences net of current portion	27,084	23,281
Total Liabilities	<u>91,506</u>	<u>424,350</u>
Net Position		
Net Investment in capital assets	4,569,606	4,565,923
Unrestricted	3,196,672	2,778,066
Total Net Position	<u>\$ 7,766,278</u>	<u>\$ 7,343,989</u>

City of Durango, Colorado
Capital Equipment Reserve Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 2,823,431	\$ 2,643,812
Miscellaneous	498	77,694
Total Operating Revenues	<u>2,823,929</u>	<u>2,721,506</u>
Operating Expenses		
Equipment maintenance	1,318,088	1,107,017
Depreciation	1,277,093	1,242,666
Total Operating Expenses	<u>2,595,181</u>	<u>2,349,683</u>
Operating Income (Loss)	<u>228,748</u>	<u>371,823</u>
Non-Operating Revenues (Expenses)		
Gain (Loss) on the sale of capital assets	85,263	(166,774)
Investment earnings	36,846	37,018
Total Non-Operating Revenues (Expenses)	<u>122,109</u>	<u>(129,756)</u>
Income (Loss) Before Contributions and Transfers	350,857	242,067
Capital contributions	83,793	69,100
Transfers in	-	25,993
Transfers out	(12,361)	(47,840)
Change in Net Position	422,289	289,320
Net Position Beginning of Year	<u>7,343,989</u>	<u>7,054,669</u>
Net Position End of Year	<u>\$ 7,766,278</u>	<u>\$ 7,343,989</u>

City of Durango, Colorado
Capital Equipment Reserve Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for sales and services	\$ 2,827,993	\$ 2,827,993	\$ 2,823,432	\$ (4,561)
Gain on disposal of assets	-	-	229,458	229,458
Miscellaneous	-	-	498	498
Investment earnings	20,000	20,000	36,846	16,846
Total Revenues	2,847,993	2,847,993	3,090,234	242,241
Expenditures				
Equipment maintenance	2,927,992	3,175,499	2,755,322	420,177
Non-departmental	11,637	11,637	-	11,637
Total Expenditures	2,939,629	3,187,136	2,755,322	431,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (91,636)	\$ (339,143)	334,912	\$ 674,055
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			(144,196)	
Add capital expenditures capitalized			1,424,873	
Subtract depreciation expense			(1,277,093)	
Add capital contributions			83,793	
Net Income (Loss)			\$ 422,289	

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 15,184	\$ 27,228
Accounts receivable	39,490	245,324
Total Current Assets	<u>54,674</u>	<u>272,552</u>
Noncurrent Assets		
Capital Assets		
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>54,674</u>	<u>272,552</u>
Liabilities		
Current Liabilities		
Accounts payable	185,686	315,426
Total Liabilities	<u>185,686</u>	<u>315,426</u>
Net Position		
Unrestricted	<u>(131,012)</u>	<u>(42,874)</u>
Total Net Position	<u>\$ (131,012)</u>	<u>\$ (42,874)</u>

City of Durango, Colorado
Self Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for sales and services	\$ 3,671,642	\$ 3,672,752
Miscellaneous	72,879	66,968
Total Operating Revenues	<u>3,744,521</u>	<u>3,739,720</u>
Operating Expenses		
Medical claims and premiums	<u>3,833,957</u>	<u>3,952,271</u>
Total Operating Expenses	<u>3,833,957</u>	<u>3,952,271</u>
Operating Income (Loss)	<u>(89,436)</u>	<u>(212,551)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	<u>1,298</u>	<u>1,864</u>
Total Non-Operating Revenues (Expenses)	<u>1,298</u>	<u>1,864</u>
Change in Net Position	<u>(88,138)</u>	<u>(210,687)</u>
Net Position Beginning of Year	<u>(42,874)</u>	<u>167,813</u>
Net Position End of Year	<u>\$ (131,012)</u>	<u>\$ (42,874)</u>

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Equity in treasurer's cash and investments	\$ 151,014	\$ 137,784
Accounts receivable	5,514	1,440
Total Current Assets	156,528	139,224
Noncurrent Assets		
Capital Assets		
Total Noncurrent Assets	-	-
Total Assets	156,528	139,224
Liabilities		
Current Liabilities		
Accounts payable	17,252	3,784
Accrued wages	1,742	1,699
Compensated Absences - due in one year	3,100	2,275
Total Current Liabilities	22,094	7,758
Long Term Liabilities		
Compensated absences net of current portion	3,100	2,276
Total Liabilities	25,194	10,034
Net Position		
Unrestricted	131,334	129,190
Total Net Position	\$ 131,334	\$ 129,190

City of Durango, Colorado
Risk Manager Fund
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Services provided	\$ 1,201,271	\$ 1,008,842
Miscellaneous	1,072	1,039
Total Operating Revenues	<u>1,202,343</u>	<u>1,009,881</u>
Operating Expenses		
Administration	105,153	105,664
Insurance claims and premiums	1,096,347	1,048,313
Total Operating Expenses	<u>1,201,500</u>	<u>1,153,977</u>
Operating Income (Loss)	<u>843</u>	<u>(144,096)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	1,301	2,278
Total Non-Operating Revenues (Expenses)	<u>1,301</u>	<u>2,278</u>
Change in Net Position	2,144	(141,818)
Net Position Beginning of Year	<u>129,190</u>	<u>271,008</u>
Net Position End of Year	<u>\$ 131,334</u>	<u>\$ 129,190</u>

City of Durango, Colorado
Risk Manager Fund
Schedule of Revenues and Expenditures -
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Services provided	\$ 1,201,271	\$ 1,201,271	\$ 1,201,271	\$ -
Miscellaneous	-	-	1,072	1,072
Investment earnings	2,500	2,500	1,301	(1,199)
Total Revenues	<u>1,203,771</u>	<u>1,203,771</u>	<u>1,203,644</u>	<u>(127)</u>
Expenditures				
Administration	111,382	111,382	105,153	6,229
Insurance claims and premiums	1,090,527	1,090,527	1,096,347	(5,820)
Total Expenditures	<u>1,201,909</u>	<u>1,201,909</u>	<u>1,201,500</u>	<u>409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,862</u>	<u>\$ 1,862</u>	2,144	<u>\$ 282</u>
Reconciliation to GAAP Net Income:				
Subtract loss on sale of capital assets			-	
Add capital expenditures capitalized			-	
Subtract depreciation expense			-	
Add capital contributions			-	
Net Income (Loss)			<u>\$ 2,144</u>	



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SPECIAL REPORTS SECTION



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City of Durango, Colorado
2008 Sales and Use Tax Revenue Bonds
Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2016	\$	1,040,000	\$	133,238	\$ 1,173,238
2017		1,085,000		91,638	1,176,638
2018		<u>1,135,000</u>		<u>48,235</u>	<u>1,183,235</u>
	\$	<u>3,260,000</u>	\$	<u>273,111</u>	\$ <u>3,533,111</u>

This schedule pertains to the following issues:

	Authorized and Issued	Outstanding
Sales & Use Tax Series 2008 originally Issued 09/15/1999 and refinanced in 2008	\$ <u>14,000,000</u>	\$ <u>3,260,000</u>

City of Durango, Colorado
2007 Sales and Use Tax Revenue Bonds
Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 845,000	\$ 408,919	\$ 1,253,919
2017	880,000	375,119	1,255,119
2018	915,000	339,919	1,254,919
2019	950,000	303,319	1,253,319
2020	990,000	265,319	1,255,319
2021	1,030,000	225,719	1,255,719
2022	1,075,000	184,519	1,259,519
2023	1,120,000	141,519	1,261,519
2024	1,165,000	96,719	1,261,719
2025	1,215,000	50,119	1,265,119
	<u>\$ 10,185,000</u>	<u>\$ 2,391,190</u>	<u>\$ 12,576,190</u>

This schedule pertains to the following issues:

	Authorized and Issued	Outstanding
Sales & Use Tax Series 2007 Issued 03/13/2007	\$ <u>15,890,000</u>	\$ <u>10,185,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 775,000	\$ 554,198	\$ 1,329,198
2017	800,000	529,010	1,329,010
2018	830,000	501,010	1,331,010
2019	860,000	469,885	1,329,885
2020	895,000	435,485	1,330,485
2021	930,000	399,685	1,329,685
2022	980,000	353,185	1,333,185
2023	1,025,000	306,635	1,331,635
2024	1,070,000	260,510	1,330,510
2025	1,115,000	215,035	1,330,035
2026	1,165,000	165,975	1,330,975
2027	1,220,000	113,550	1,333,550
2028	1,275,000	58,650	1,333,650
	<u>\$ 12,940,000</u>	<u>\$ 4,362,813</u>	<u>\$ 17,302,813</u>

This schedule pertains to the following issues:

	<u>Authorized and Issued</u>	<u>Outstanding</u>
Sales & Use Tax Series 2009 Issued 03/13/2009	\$ 17,585,000	\$ 12,940,000

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 176,210	\$ 70,055	\$ 246,265
2017	179,663	66,603	246,265
2018	183,183	63,082	246,265
2019	186,773	59,493	246,265
2020	190,433	55,833	246,265
2021	194,164	52,101	246,265
2022	197,969	48,297	246,265
2023	201,848	44,417	246,265
2024	205,803	40,462	246,265
2025	209,836	36,429	246,265
2026	213,948	32,318	246,265
2027	218,140	28,125	246,265
2028	222,413	23,851	246,265
2029	226,773	19,493	246,265
2030	231,216	15,049	246,265
2031	235,747	10,518	246,265
2032	240,366	5,899	246,265
2033	121,944	1,189	123,133
	<u>\$ 3,636,429</u>	<u>\$ 673,214</u>	<u>\$ 4,309,638</u>

This schedule pertains to the following loan:

	Loan Amount	Outstanding
Water Fund Water Storage Loan 2013	\$ <u>4,000,000</u>	\$ <u>3,636,429</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 100,000	\$ 91,000	\$ 191,000
2017	100,000	87,500	187,500
2018	105,000	84,000	189,000
2019	110,000	80,325	190,325
2020	115,000	76,475	191,475
2021	115,000	72,450	187,450
2022	120,000	68,425	188,425
2023	125,000	64,225	189,225
2024	130,000	59,850	189,850
2025	135,000	55,300	190,300
2026	140,000	50,575	190,575
2027	145,000	45,675	190,675
2028	150,000	40,600	190,600
2029	155,000	35,350	190,350
2030	160,000	29,925	189,925
2031	165,000	24,325	189,325
2032	170,000	18,550	188,550
2033	175,000	12,600	187,600
2034	185,000	6,475	191,475
	<u>\$ 2,600,000</u>	<u>\$ 1,003,625</u>	<u>\$ 3,603,625</u>

This schedule pertains to the following Lease Purchase Agreement:

	Lease Amount	Outstanding
2014 Certificates of Participation- Wilson Gulch Road	\$ 2,700,000	\$ 2,600,000

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Durango			
		YEAR ENDING : December 2015			
This Information From The Records Of City of Durango:		Prepared By: Phone:	Julie Brown 970-375-5039		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,521,536		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,364,516		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations			
2. General fund appropriations	1,017,423	b. Snow and ice removal	861,000		
3. Other local imposts (from page 2)	398,181	c. Other	332,970		
4. Miscellaneous local receipts (from page 2)	74,113	d. Total (a. through c.)	1,193,970		
5. Transfers from toll facilities		4. General administration & miscellaneous	9,500		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	175,000		
a. Bonds - Original Issues		6. Total (1 through 5)	4,264,522		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	578,735		
7. Total (1 through 6)	1,489,717	b. Redemption	755,000		
B. Private Contributions		c. Total (a. + b.)	1,333,735		
C. Receipts from State government (from page 2)	587,379	2. Notes:			
D. Receipts from Federal Government (from page 2)	3,521,161	a. Interest			
E. Total receipts (A.7 + B + C + D)	5,598,257	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	1,333,735		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	5,598,257		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)					0
1. Bonds (Refunding Portion)					
B. Notes (Total)					0
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		5,598,257	5,598,257		0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	74,113
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	398,181	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	398,181	h. Other	
c. Total (a. + b.)	398,181	i. Total (a. through h.)	74,113
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	524,987	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	62,392	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	3,521,161
f. Total (a. through e.)	62,392	g. Total (a. through f.)	3,521,161
4. Total (1. + 2. + 3.f)	587,379	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		18,316	18,316
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,503,220	1,503,220
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,503,220	1,503,220
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,521,536	1,521,536
			(Carry forward to page 1)

Notes and Comments:



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STATISTICAL SECTION

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

Financial Trends

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

Pension Liabilities

These schedules contain information related to pension liability with regards to two Old Hire pension plans. These plans include police officers and firemen hired prior to April 1, 1978.

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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



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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities											
Net investment in capital assets	\$ 105,548,724	\$ 111,599,770	\$ 110,702,235	\$ 123,488,038	\$ 116,772,303	\$ 131,106,992	\$ 138,286,961	\$ 141,561,808	\$ 143,944,307	\$ 149,052,567	\$ 153,845,848
Restricted	12,359,625	14,578,865	24,078,814	18,300,624	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072
Unrestricted	20,940,451	21,819,719	22,879,699	22,379,402	26,118,296	27,555,730	29,500,898	26,147,979	25,926,898	28,998,660	35,295,804
Total governmental activities net position	\$ 138,848,800	\$ 147,998,354	\$ 157,660,748	\$ 164,168,064	\$ 172,292,730	\$ 173,854,847	\$ 177,816,435	\$ 182,095,697	\$ 184,503,061	\$ 187,679,787	\$ 193,547,724
Business-type activities											
Net investment in capital assets	\$ 44,781,437	\$ 45,433,696	\$ 45,725,231	\$ 49,470,011	\$ 59,333,184	\$ 59,346,561	\$ 57,919,227	\$ 56,674,450	\$ 62,578,879	\$ 58,365,508	\$ 60,179,815
Unrestricted	9,920,068	12,015,812	14,406,218	14,953,834	14,662,392	14,110,138	14,988,073	15,225,300	9,429,992	14,668,271	17,283,617
Total business-type activities	\$ 54,701,505	\$ 57,449,508	\$ 60,131,449	\$ 64,423,845	\$ 73,995,576	\$ 73,456,699	\$ 72,907,300	\$ 71,899,750	\$ 72,008,871	\$ 73,033,779	\$ 77,463,432
Primary Government											
Net investment in capital assets	\$ 150,330,161	\$ 157,033,466	\$ 156,427,466	\$ 172,958,049	\$ 176,105,487	\$ 190,453,553	\$ 196,206,188	\$ 198,236,258	\$ 206,523,186	\$ 207,418,075	\$ 214,025,663
Restricted	12,359,625	14,578,865	24,078,814	18,300,624	29,402,131	15,192,125	10,028,576	14,385,910	14,631,856	9,628,560	4,406,072
Unrestricted	30,860,519	33,835,531	37,285,917	37,333,236	40,780,688	41,665,868	44,488,971	41,373,279	35,356,890	43,666,931	52,579,421
Total primary government net position	\$ 193,550,305	\$ 205,447,862	\$ 217,792,197	\$ 228,591,909	\$ 246,288,306	\$ 247,311,546	\$ 250,723,735	\$ 253,995,447	\$ 256,511,932	\$ 260,713,566	\$ 271,011,156

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 6,865,706	\$ 7,075,114	\$ 7,485,586	\$ 7,141,096	\$ 6,459,620	\$ 6,147,910	\$ 6,566,189	\$ 7,894,128	\$ 8,821,889	\$ 9,259,225
Public safety	8,451,720	8,847,685	9,544,725	10,009,151	9,902,478	10,026,418	10,486,094	10,709,354	10,867,750	11,859,989
Public works	5,679,078	5,813,745	6,636,158	6,960,546	8,857,481	5,596,258	5,047,880	5,064,353	7,740,688	9,893,562
Parks and recreation	5,304,757	5,866,682	5,325,378	5,879,949	5,311,387	6,870,057	8,422,273	8,350,689	5,625,209	6,088,070
Library	1,267,412	1,367,690	2,298,525	2,153,041	2,116,832	2,142,218	2,248,888	2,290,097	2,424,281	2,408,555
Community services	1,056,433	2,398,966	1,407,035	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037
Economic development	607,357	740,509	775,406	673,492	654,121	602,258	597,252	633,280	777,227	758,775
Interest	576,238	1,003,612	1,580,557	1,328,152	1,584,995	1,505,308	1,431,999	1,354,291	1,275,537	1,236,752
Total governmental activities expenses	<u>29,808,701</u>	<u>33,114,003</u>	<u>35,053,370</u>	<u>35,627,588</u>	<u>36,504,696</u>	<u>33,810,625</u>	<u>36,202,615</u>	<u>37,172,339</u>	<u>39,153,979</u>	<u>42,681,965</u>
Business-type activities:										
Water utility	2,593,601	2,952,455	3,294,312	3,343,871	3,677,741	3,546,873	3,962,288	3,992,105	5,048,918	4,697,072
Sewer utility	2,077,827	2,225,443	2,235,489	2,408,490	2,549,096	2,804,795	2,816,834	3,210,315	3,687,699	3,691,696
Parking	435,962	397,213	444,885	626,990	879,317	612,136	622,324	999,530	-	-
Sustainable services	1,219,237	1,343,264	1,616,559	1,407,965	1,591,916	1,783,260	2,251,174	2,189,067	2,097,284	2,146,425
Transportation Services	1,417,504	1,507,936	1,693,988	1,944,269	2,216,737	2,293,441	2,472,008	2,498,054	3,422,104	3,556,523
Total business-type expenses	<u>7,744,131</u>	<u>8,426,311</u>	<u>9,285,233</u>	<u>9,731,585</u>	<u>10,914,807</u>	<u>11,040,505</u>	<u>12,124,628</u>	<u>12,889,071</u>	<u>14,256,005</u>	<u>14,091,716</u>
Total primary government expenses	<u>\$ 37,552,832</u>	<u>\$ 41,540,314</u>	<u>\$ 44,338,603</u>	<u>\$ 45,359,173</u>	<u>\$ 47,419,504</u>	<u>\$ 44,851,130</u>	<u>\$ 48,327,243</u>	<u>\$ 50,061,410</u>	<u>\$ 53,409,984</u>	<u>\$ 56,773,681</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,278,007	\$ 1,184,993	\$ 1,203,152	\$ 1,152,603	\$ 1,254,099	\$ 1,731,124	\$ 2,485,211	\$ 1,946,179	\$ 1,945,001	\$ 2,671,977
Public safety	690,354	706,585	764,288	880,488	895,062	912,452	1,163,291	1,234,866	1,056,131	1,089,447
Public works	-	-	-	-	-	-	-	-	600	-
Parks and recreation	2,254,250	2,457,843	2,583,429	2,512,164	2,485,158	2,487,984	2,733,317	2,818,971	3,011,398	3,124,615
Library	31,715	31,977	32,118	30,320	37,997	38,292	34,431	35,236	32,870	28,206
Joint venture - airport	1,217,456	503,665	2,461,792	38,703	4,452,278	754,844	115,006	(335,969)	11,115	245,400
Operating grants and contributions	1,927,855	902,325	1,674,326	927,690	2,116,207	2,143,915	1,182,581	1,728,609	27,578	682,853
Capital grants and contributions	6,838,877	2,989,004	2,899,365	5,092,550	4,733,801	826,921	1,452,777	706,725	3,273,358	5,954,033
Total governmental activities program revenues	<u>14,238,514</u>	<u>8,776,392</u>	<u>11,618,470</u>	<u>10,634,518</u>	<u>15,974,602</u>	<u>8,895,532</u>	<u>9,166,614</u>	<u>8,134,617</u>	<u>9,358,051</u>	<u>13,796,531</u>
Business-type activities:										
Charges for services										
Water utility	2,853,561	3,064,389	3,406,512	3,569,170	3,520,173	3,373,959	3,693,867	3,534,133	4,757,161	5,164,166
Sewer utility	1,487,003	1,554,326	1,555,913	1,528,977	1,568,099	1,785,357	1,826,540	2,788,708	4,165,434	5,670,452
Parking	997,079	969,667	949,757	929,331	1,118,048	1,125,497	1,098,072	966,059	-	-
Sustainable services	1,076,693	1,131,015	1,263,340	1,525,745	1,485,061	1,990,924	1,848,773	1,930,001	1,957,999	2,072,075
Transportation Services	280,978	212,086	233,897	252,176	190,901	253,452	258,237	283,200	1,741,650	1,903,358
Operating grants and contributions	402,945	492,700	544,268	2,561,478	703,960	881,594	1,112,344	1,427,220	1,285,444	1,727,167
Capital grants and contributions	4,412,344	2,196,973	2,090,937	2,674,787	10,273,045	569,033	521,610	1,420,396	900,912	1,295,610
Total business-type activities program revenues	<u>11,510,603</u>	<u>9,621,156</u>	<u>10,044,624</u>	<u>13,041,664</u>	<u>18,859,287</u>	<u>9,979,816</u>	<u>10,359,443</u>	<u>12,349,717</u>	<u>14,808,600</u>	<u>17,832,828</u>
Total primary government program revenues	<u>\$ 25,749,117</u>	<u>\$ 18,397,548</u>	<u>\$ 21,663,094</u>	<u>\$ 23,676,182</u>	<u>\$ 34,833,889</u>	<u>\$ 18,875,348</u>	<u>\$ 19,526,057</u>	<u>\$ 20,484,334</u>	<u>\$ 24,166,651</u>	<u>\$ 31,629,359</u>

Changes in Net Position (continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue										
Governmental activities	\$ (21,032,309)	\$ (21,495,533)	\$ (24,418,852)	\$ (19,652,985)	\$ (26,645,407)	\$ (24,915,093)	\$ (27,036,001)	\$ (29,037,722)	\$ (29,795,928)	\$ (28,885,434)
Business-type activities	1,877,025	1,618,313	3,756,431	9,127,702	(797,968)	(1,060,689)	(1,765,185)	(539,354)	552,595	3,741,112
Total primary governmental net expense	\$ (19,155,284)	\$ (19,877,220)	\$ (20,662,421)	\$ (10,525,283)	\$ (27,443,375)	\$ (25,975,782)	\$ (28,801,186)	\$ (29,577,076)	\$ (29,243,333)	\$ (25,144,322)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes										
Property taxes	\$ 919,868	\$ 957,759	\$ 1,219,985	\$ 1,265,247	\$ 1,314,787	\$ 1,321,708	\$ 1,199,323	\$ 1,300,863	\$ 1,153,727	\$ 1,175,954
Sales and use taxes	19,379,380	20,079,175	19,997,139	18,320,651	18,334,353	18,997,208	20,667,890	21,693,087	22,815,810	24,038,473
Shared sales taxes	-	-	-	-	-	-	-	4,270,249	4,523,288	4,977,814
Other shared taxes	1,260,408	1,170,179	1,123,048	1,195,503	974,684	1,143,962	1,073,087	1,017,165	1,274,246	1,891,568
Lodgers taxes	715,600	762,925	799,268	720,337	705,240	722,042	764,257	820,832	918,679	974,572
Other taxes	5,046,093	5,412,410	5,587,238	5,353,117	5,784,119	5,296,757	5,265,185	138,508	110,407	202,161
Franchise Fees	-	-	-	-	-	-	-	1,009,105	1,121,995	1,138,859
Occupational taxes	-	-	-	-	-	-	-	184,394	194,394	181,147
Gain/loss on disposal of capital assets	-	11,880	3,600	7,728	3,972	4,477	464,641	26,520	-	11,619
Investment earnings	1,116,850	1,810,663	1,046,367	236,645	248,103	297,870	150,469	34,780	222,369	194,144
Miscellaneous	1,977,217	1,194,584	1,371,081	813,423	922,266	1,182,555	1,845,407	1,351,027	1,297,042	1,779,906
Transfers	(233,553)	(241,648)	(221,558)	(135,000)	(80,000)	(89,898)	(114,996)	(169,444)	(156,847)	(147,361)
Total governmental activities	30,181,863	31,157,927	30,926,168	27,777,651	28,207,524	28,876,681	31,315,263	31,677,086	33,475,110	36,418,856
Business-type activities:										
Gain/loss on disposal of capital assets	19,600	78,105	(27,000)	21,655	(75,379)	11,545	20,500	52,036	20,740	38,628
Investment earnings	510,562	642,963	259,322	172,091	154,934	225,579	141,285	55,114	161,282	180,197
Miscellaneous	107,263	100,912	82,085	115,283	93,678	184,268	480,854	371,881	387,731	322,355
Transfers	233,553	241,648	221,558	135,000	80,000	89,898	114,996	169,444	156,847	147,361
Total business-type activities	870,978	1,063,628	535,965	444,029	253,233	511,290	757,635	648,475	726,600	688,541
Total primary government	\$ 31,052,841	\$ 32,221,555	\$ 31,462,133	\$ 28,221,680	\$ 28,460,757	\$ 29,387,971	\$ 32,072,898	\$ 32,325,561	\$ 34,201,710	\$ 37,107,397

Change in Net Position

Governmental activities	\$ 9,149,554	\$ 9,662,394	\$ 6,507,316	\$ 8,124,666	\$ 1,562,117	\$ 3,961,588	\$ 4,279,262	\$ 2,639,364	\$ 3,679,182	\$ 7,533,422
Business-type activities	2,748,003	2,681,941	4,292,396	9,571,731	(544,735)	(549,399)	(1,007,550)	109,121	1,279,195	4,429,653
Total primary government	\$ 11,897,557	\$ 12,344,335	\$ 10,799,712	\$ 17,696,397	\$ 1,017,382	\$ 3,412,189	\$ 3,271,712	\$ 2,748,485	\$ 4,958,377	\$ 11,963,075

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,124	\$ 16,562	\$ 15,536	\$ 45,189	\$ 44,071
Restricted	-	-	-	-	-	1,118,324	1,196,604	1,284,613	1,428,167	1,638,931
Committed	-	-	-	-	-	-	785,373	2,404,098	1,500,000	42,191
Assigned	-	-	-	-	-	218,021	7,080,492	6,659,658	566,016	1,574,489
Un-Assigned	-	-	-	-	-	7,726,125	2,030,212	1,542,339	5,767,924	4,755,657
Reserved	897,000	1,047,475	1,138,051	1,106,149	1,126,653	-	-	-	-	-
Unreserved	9,779,143	8,228,600	7,253,734	6,671,418	7,304,176	-	-	-	-	-
Total General Fund	<u>\$ 10,676,143</u>	<u>\$ 9,276,075</u>	<u>\$ 8,391,785</u>	<u>\$ 7,777,567</u>	<u>\$ 8,430,829</u>	<u>\$ 9,092,594</u>	<u>\$ 11,109,243</u>	<u>\$ 11,906,244</u>	<u>\$ 9,307,296</u>	<u>\$ 8,055,339</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	567,495	740,722	925,001	7,241,225	6,251,229
Committed	-	-	-	-	-	8,040,453	7,875,468	7,872,639	4,670,089	6,871,049
Assigned	-	-	-	-	-	160,190	55,772	46,994	25,361	14,764
Un-Assigned	-	-	-	-	-	-	-	(587,668)	(675,401)	(356,873)
Reserved	288,838	387,854	1,359,571	480,569	457,433	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,513,190	3,265,202	1,469,671	1,333,167	2,129,048	-	-	-	-	-
Capital projects funds	9,506,258	19,091,015	14,088,389	26,218,215	11,285,494	-	-	-	-	-
Total all other governmental funds	<u>\$ 13,308,286</u>	<u>\$ 22,744,071</u>	<u>\$ 16,917,631</u>	<u>\$ 28,031,951</u>	<u>\$ 13,871,975</u>	<u>\$ 8,768,138</u>	<u>\$ 8,671,962</u>	<u>\$ 8,256,966</u>	<u>\$ 11,261,274</u>	<u>\$ 12,780,169</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$ 26,060,941	\$ 27,212,269	\$ 27,603,630	\$ 25,659,352	\$ 26,138,499	\$ 26,337,715	\$ 27,896,655	\$ 29,417,038	\$ 30,978,221	\$ 33,668,032
Special Assessments	17,942	14,817	8,008	287	677	760	83,750	37,649	32,941	32,512
Intergovernmental	5,248,995	4,632,142	4,869,159	3,998,843	5,880,258	4,840,350	4,444,783	4,202,231	5,170,192	7,172,715
Licenses and permits	563,457	533,982	381,803	275,943	445,992	434,563	543,874	600,710	605,419	769,915
Charges for services	3,104,579	3,284,005	3,336,605	3,502,696	3,726,534	3,806,760	3,931,021	4,076,208	4,302,784	4,410,489
Fines and forfeitures	240,985	266,789	234,382	270,342	287,786	396,329	423,947	476,236	318,307	257,379
Investment earnings	1,009,674	1,674,604	951,702	213,395	216,055	259,044	128,959	25,453	222,370	194,144
Miscellaneous	1,871,658	1,013,809	1,263,811	813,423	922,266	1,182,555	2,389,540	1,410,025	1,310,357	2,861,885
Total revenues	38,118,231	38,632,417	38,649,100	34,734,281	37,618,067	37,258,076	39,842,529	40,245,550	42,940,591	49,367,071
Expenditures										
General government	4,225,429	4,697,884	5,225,477	5,180,073	5,162,501	4,870,766	5,232,468	5,757,125	6,982,575	7,307,093
Public safety	8,334,706	8,638,569	9,411,280	9,693,064	10,190,490	10,021,389	10,317,489	10,380,683	11,248,010	11,397,958
Public works	2,895,739	2,881,125	3,480,935	3,314,530	3,141,127	3,681,650	4,050,886	5,499,208	6,819,504	11,675,027
Parks and recreation	4,769,949	5,268,807	5,187,155	5,197,103	4,580,856	6,108,752	7,583,300	7,718,598	7,358,718	7,103,637
Library	1,239,120	1,362,832	1,615,811	1,770,707	1,737,454	1,778,631	1,840,717	1,901,877	2,030,290	2,019,770
Community Services	1,056,433	2,398,966	1,407,035	1,482,162	1,617,783	920,199	1,402,040	876,147	1,621,398	1,177,037
Economic development	607,357	740,509	775,406	673,492	654,121	602,258	597,252	633,280	777,227	758,775
Non-departmental	2,290,405	2,231,845	2,453,426	1,756,682	1,346,979	1,774,349	1,657,336	1,531,075	1,598,260	1,612,742
Capital outlay	8,873,346	16,597,195	13,317,472	9,670,083	18,858,678	8,073,095	1,896,176	1,710,127	3,004,317	1,967,238
Debt service										
Principal	610,000	640,000	10,390,000	1,893,045	2,165,000	2,240,000	2,315,000	2,400,000	2,475,000	2,675,000
Interest	578,653	1,006,279	1,598,507	1,386,975	1,591,687	1,511,385	1,438,474	1,360,774	1,282,979	1,281,357
Total expenditures	35,481,137	46,464,011	54,862,504	42,017,916	51,046,676	41,582,474	38,331,138	39,768,894	45,198,278	48,975,634
Excess of revenues over (under) expenditures	2,637,094	(7,831,594)	(16,213,404)	(7,283,635)	(13,428,609)	(4,324,398)	1,511,391	476,656	(2,257,687)	391,437
Other financing sources (uses)										
Issuance of debt	-	16,070,775	9,705,315	17,585,000	-	-	-	-	2,700,000	-
Premium on issuance of debt	-	-	-	325,061	-	-	-	-	-	-
Transfers in	8,607,663	8,893,762	17,113,212	7,210,648	6,299,052	9,115,584	7,224,179	9,582,188	12,085,037	12,481,114
Transfers out	(8,817,663)	(9,103,762)	(17,323,212)	(7,345,648)	(6,379,052)	(9,230,580)	(7,266,176)	(9,697,183)	(12,220,037)	(12,616,114)
Sale of capital assets	6,248	11,880	3,600	7,728	3,972	4,477	464,641	21,370	68,394	11,619
Total other financing sources (uses)	(203,752)	15,872,655	9,498,915	17,782,789	(76,028)	(110,519)	422,644	(93,625)	2,633,394	(123,381)
Net change in fund balances	\$ 2,433,342	\$ 8,041,061	\$ (6,714,489)	\$ 10,499,154	\$ (13,504,637)	\$ (4,434,917)	\$ 1,934,035	\$ 383,031	\$ 375,707	\$ 268,056
Debt service as a percentage of noncapital expenditures	4.5%	5.8%	28.9%	8.5%	13.3%	13.8%	11.7%	9.8%	6.9%	5.7%

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>
Total Pension Liability											
Service Cost											\$ -
Interest											153,060
Changes in Benefit Terms											146,102
Differences Between Expected and Actual Experience											-
Changes of Assumptions											-
Benefit Payments											-
Net Change in Total Pension Liability											<u>(253,376)</u>
Total Pension Liability - Beginning of Year											\$ 45,786
Total Pension Liability - End of Year											<u><u>2,165,197</u></u>
											<u><u>\$ 2,210,983</u></u>
Plan Fiduciary Net Position											
Contributions - Employer											\$ 234,321
Contributions - Employee											-
Net Investment Income											71,839
Benefit Payments											(253,376)
Administrative Expenses											(5,792)
Net Change in Plan Fiduciary Net Position											<u>46,992</u>
Plan Fiduciary Net Position - Beginning of Year											\$ 1,133,657
Plan Fiduciary Net Position - End of Year											<u><u>1,180,649</u></u>
Net pension liability (asset)											<u><u>\$ 1,030,334</u></u>
Plan fiduciary net position as a percentage of total pension liability											53.40%
Covered employee payroll											N/A
Net pension liability/(asset) as a percentage of covered payroll											N/A

*Information prior to 2014 is unavailable

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Total Pension Liability											
Service Cost											\$ -
Interest											199,962
Changes in Benefit Terms											153,187
Differences Between Expected and Actual Experience											-
Changes of Assumptions											-
Benefit Payments											(290,415)
Net Change in Total Pension Liability											\$ 62,734
Total Pension Liability - Beginning of Year											2,808,749
Total Pension Liability - End of Year											<u>\$ 2,871,483</u>
Plan Fiduciary Net Position											
Contributions - Employer											\$ 253,957
Contributions - Employee											-
Net Investment Income											108,853
Benefit Payments											(290,415)
Administrative Expenses											(6,641)
Net Change in Plan Fiduciary Net Position											\$ 65,754
Plan Fiduciary Net Position - Beginning of Year											1,686,526
Plan Fiduciary Net Position - End of Year											<u>1,752,280</u>
Net pension liability (asset)											<u>\$ 1,119,203</u>
Plan fiduciary net position as a percentage of total pension liability											61.02%
Covered employee payroll											N/A
Net pension liability/(asset) as a percentage of covered payroll											N/A

*Information prior to 2014 is unavailable

Schedules of Required Supplementary Information
Schedule of Pension Contributions
Fire and Police Pension Association Old Hire Fire Plan
Last Ten Fiscal Years (To be built prospectively)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Actuarially determined annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,408
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,321
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (140,913)
Covered employee payroll	N/A										
Contributions as a percentage of covered employee payroll	N/A										

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, every other fiscal year. Most recent valuation date was January 1, 2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	16 years*
Asset valuation method	5-Year smoothed market
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

*Information prior to 2014 is unavailable

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Actuarially determined annual required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,210
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,957
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (147,747)
Covered employee payroll	N/A										
Contributions as a percentage of covered employee payroll	N/A										

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, every other fiscal year. Most recent valuation date was January 1, 2014.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open*
Remaining amortization period	20 years*
Asset valuation method	5-Year smoothed market
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: RP2000 Combined Mortality Table, with Blue Collar Adjustment

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

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

<u>Fiscal Year</u>	<u>Property & SOT</u>	<u>City Sales Tax</u>	<u>City Use Tax</u>	<u>County Sales Tax</u>	<u>Franchise & Business</u>	<u>Lodgers Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2006	1,003,443	17,851,400	1,527,980	3,112,590	1,054,454	715,600	795,474	26,060,941
2007	1,042,280	18,680,673	1,398,502	3,272,834	1,151,488	762,925	903,567	27,212,269
2008	1,324,508	18,897,346	1,099,793	3,297,776	1,227,909	799,268	957,030	27,603,630
2009	1,360,859	17,620,117	700,534	2,965,314	1,249,447	720,337	1,042,744	25,659,352
2010	1,395,048	17,529,103	805,250	2,867,532	1,272,321	705,240	1,564,004	26,138,498
2011	1,421,387	18,162,241	834,967	2,985,380	1,279,085	722,042	932,613	26,337,715
2012	1,280,845	19,165,358	1,502,532	3,140,649	836,068	764,257	1,206,946	27,896,655
2013	1,300,863	20,314,633	1,378,454	3,390,224	1,193,499	820,832	1,056,182	29,454,687
2014	1,264,134	21,364,739	1,196,928	3,570,505	1,362,019	918,679	1,301,217	30,978,221
2015	1,285,137	22,528,320	1,449,705	3,814,184	1,571,120	974,572	2,044,994	33,668,032

Effective June 1, 1999, the City increased the city sales and use tax percentage from 2.0% to 2.5%.
Effective July 1, 2005, the City increased the city sales and use tax percentage from 2.5% to 3.0%.

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

Fiscal Year	General City Sales and Use Tax	Recreation Complex/Trails Sales and Use Tax	Open Space, Parks and Trails Sales and Use Tax	Capital Improvements Sales and Use Tax	Total Revenue	Total Direct Tax Rate
2006	12,917,721	3,234,311	1,613,674	1,613,674	19,379,380	3.0%
2007	13,379,132	3,351,027	1,674,508	1,674,508	20,079,175	3.0%
2008	13,329,832	3,334,653	1,666,327	1,666,327	19,997,139	3.0%
2009	12,213,337	3,054,574	1,526,370	1,526,370	18,320,651	3.0%
2010	11,686,383	2,922,236	1,460,242	1,460,242	17,529,103	3.0%
2011	12,108,845	3,027,606	1,512,895	1,512,895	18,162,241	3.0%
2012	13,779,428	3,445,264	1,721,599	1,721,599	20,667,890	3.0%
2013	14,462,913	3,616,172	1,807,001	1,807,001	21,693,087	3.0%
2014	15,041,756	3,761,086	1,879,414	1,879,414	22,561,670	3.0%
2015	15,986,262	3,997,080	1,997,341	1,997,341	23,978,024	3.0%

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

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>La Plata County</u>	<u>State of Colorado</u>
2006	3.0%	2.0%	2.9%
2007	3.0%	2.0%	2.9%
2008	3.0%	2.0%	2.9%
2009	3.0%	2.0%	2.9%
2010	3.0%	2.0%	2.9%
2011	3.0%	2.0%	2.9%
2012	3.0%	2.0%	2.9%
2013	3.0%	2.0%	2.9%
2014	3.0%	2.0%	2.9%
2015	3.0%	2.0%	2.9%

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

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

<u>Classification of Individual Business</u>	<u>2015</u> <u>Sales Tax</u> <u>Remitted</u>	<u>Percentage of</u> <u>Total Tax</u> <u>Remitted</u>	<u>2006</u> <u>Sales Tax</u> <u>Remitted</u>	<u>Percentage of</u> <u>Total Tax</u> <u>Remitted</u>
Retail-General Merchandise	\$ 2,755,426	12.2%	\$ 2,544,026	14.3%
Retail-Food Store	1,202,432	5.3%	204,829	1.2%
Retail-Building Supplies	987,432	4.4%	882,628	5.0%
Retail-Food Store	944,424	4.2%	674,152	3.8%
Utility Services	520,805	2.3%	383,001	2.2%
Retail-Food Store	514,900	2.3%	597,442	3.4%
Lodging and Restaurant	448,722	2.0%	211,542	1.2%
Retail-Food Store	394,205	1.7%	426,423	2.4%
Retail- Automotive	316,642	1.4%	-	0.0%
Lodging and Restaurant	305,343	1.4%	-	0.0%
Retail- General Merchandise	-	0.0%	285,661	1.6%
Utility Services	-	0.0%	263,104	1.5%
 Total City Sales Tax Collected by 10 Largest Businesses	 \$ <u>8,390,331</u>	 <u>37.2%</u>	 \$ <u>6,472,808</u>	 <u>36.4%</u>
 Total City Sales Tax Collected by All Businesses	 \$ <u>22,528,320</u>	 <u>100%</u>	 \$ <u>17,780,916</u>	 <u>100%</u>

Source: City of Durango Finance Department

Notes: Figures are based on cash basis remittances

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

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

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
	Sales and Use Tax Revenue Bonds	Certificates of Participation	General Obligation Bonds	Water Fund Loan	Capital Leases			
2006	10,405,000	-	-	-	-	10,405,000	0.43%	648
2007	25,655,000	-	-	-	-	25,655,000	1.03%	1,587
2008	24,863,045	-	-	-	-	24,863,045	0.77%	1,499
2009	40,555,000	-	-	-	-	40,555,000	1.18%	2,445
2010	38,390,000	-	-	-	-	38,390,000	1.11%	2,273
2011	36,150,000	-	-	-	-	36,150,000	1.20%	2,139
2012	33,835,000	-	-	-	-	33,835,000	1.12%	1,986
2013	31,435,000	-	-	3,978,753	-	35,413,753	1.21%	2,051
2014	28,960,000	2,700,000	-	3,809,251	-	35,469,251	1.19%	2,005
2015	26,385,000	2,600,000	-	3,636,428	-	32,621,428	0.98%	1,829

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

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

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-

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

City of Durango, Colorado
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
School District 9-R	\$46,620,000	18.6%	\$ 8,671,320
Other debt			
La Plata County Certificates of Participation	-	0.0%	-
Subtotal, overlapping debt			8,671,320
City direct debt			<u>32,621,428</u>
Total direct and overlapping debt			<u>\$41,292,748</u>

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 38,787,219	\$ 49,813,274	\$ 51,018,093	\$ 53,739,070	\$ 53,636,886	\$ 48,826,993	\$ 48,646,335	\$ 47,020,225	\$ 48,078,341	\$ 51,642,484
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 38,787,219</u>	<u>\$ 49,813,274</u>	<u>\$ 51,018,093</u>	<u>\$ 53,739,070</u>	<u>\$ 53,636,886</u>	<u>\$ 48,826,993</u>	<u>\$ 48,646,335</u>	<u>\$ 47,020,225</u>	<u>\$ 48,078,341</u>	<u>\$ 51,642,484</u>
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Under the provisions of the City of Durango Charter, Article IV, Section 21, the aggregate amount of bonds or other forms of indebtedness payable in whole or in part from the proceeds of ad valorem taxes, or to which the full faith and credit of the City are pledged (excluding such debt relating to water and excluding securities issued under Section 23)

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	
Debt limit (10% of assessed valuation)	51,642,484
Debt applicable to limit:	-
General obligation bonds	-
Less: Amount set aside for repayment	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 51,642,484</u>

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2006	2,974,571	259,740	3,234,311	610,000	578,653	1,188,653	2.72
2007	3,114,068	236,959	3,351,027	640,000	549,677	1,189,677	2.82
2008	3,151,317	183,336	3,334,653	9,765,000	961,388	10,726,388	0.31
2009	-	-	-	-	-	-	0.00
2010	-	-	-	-	-	-	0.00
2011	-	-	-	-	-	-	0.00
2012	-	-	-	-	-	-	0.00
2013	-	-	-	-	-	-	0.00
2014	-	-	-	-	-	-	0.00
2015	-	-	-	-	-	-	0.00

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

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	1,556,100	118,408	1,674,508	-	456,602	456,602	3.67
2008	1,574,714	91,613	1,666,327	625,000	637,119	1,262,119	1.32
2009	1,468,016	58,354	1,526,370	645,000	612,119	1,257,119	1.21
2010	1,460,242	67,077	1,527,319	670,000	586,319	1,256,319	1.22
2011	1,512,895	69,553	1,582,448	695,000	559,519	1,254,519	1.26
2012	1,596,438	125,161	1,721,599	725,000	531,719	1,256,719	1.37
2013	1,692,176	114,825	1,807,001	750,000	502,719	1,252,719	1.44
2014	1,779,655	99,759	1,879,414	780,000	472,719	1,252,719	1.50
2015	1,876,581	120,760	1,997,341	815,000	441,519	1,526,519	1.31

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

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	-	-	-	-	-	-	-
2008	12,596,601	733,231	13,329,832	-	-	-	-
2009	11,746,290	467,047	12,213,337	833,045	327,279	1,160,324	10.53
2010	11,686,383	536,861	12,223,244	840,000	326,283	1,166,283	10.48
2011	12,108,845	556,672	12,665,517	865,000	298,983	1,163,983	10.88
2012	12,777,690	1,001,738	13,779,428	895,000	270,870	1,165,870	11.82
2013	13,543,897	919,016	14,462,913	935,000	239,545	1,174,545	12.31
2014	14,243,981	797,772	15,041,753	965,000	209,625	1,174,625	12.81
2015	15,019,744	966,518	15,986,262	1,005,000	173,438	1,178,438	13.57

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

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

Fiscal Year	Pledged Sales Tax	Pledged Use Tax	Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	11,746,290	467,047	12,213,337	415,000	447,577	862,577	14.16
2010	11,686,383	536,861	12,223,244	655,000	679,085	1,334,085	9.16
2011	12,108,845	556,672	12,665,517	680,000	652,885	1,332,885	9.50
2012	12,777,690	1,001,738	13,779,428	695,000	635,885	1,330,885	10.35
2013	13,543,897	919,016	14,462,913	715,000	618,510	1,333,510	10.85
2014	14,243,981	797,772	15,041,753	730,000	600,635	1,330,635	11.30
2015	15,019,744	966,518	15,986,262	755,000	578,735	1,333,735	11.99

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

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

<u>Fiscal Year</u>	<u>City Population (1)</u>	<u>County Population (1)</u>	<u>Personal Income (2)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2006	16,068	48,752	1,833,663,000	37,549	3.4%
2007	16,169	49,758	1,998,215,000	40,231	2.8%
2008	16,586	50,241	2,107,711,000	41,627	3.6%
2009	16,586	51,291	2,046,678,000	39,769	5.7%
2010	16,887	51,334	2,073,769,260	42,364	6.9%
2011	16,903	51,431	2,149,060,330	43,453	5.5%
2012	17,033	51,944	2,207,784,320	45,476	6.0%
2013	17,269	52,506	2,484,802,000	46,633	5.5%
2014	17,689	53,446	2,579,790,000	47,784	5.1%
2015	17,834	53,989	N/A	N/A	3.0%

Sources:

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

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

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Southern Ute Tribe	1,245	4.3%	343	1.1%
Mercy Medical Center	1,200	4.2%	704	2.3%
Durango School District 9R	632	2.2%	787	2.5%
Fort Lewis College	570	2.0%	636	2.0%
Mercury Payment Systems Inc	630	2.2%		0.0%
La Plata County	401	1.4%	375	1.2%
Durango Mountain Resort/Purgatory	479	1.7%		0.0%
City of Durango	300	1.0%		0.0%
Crossfire	322	1.1%	440	1.4%
US Government	-	0.0%		0.0%
Wal-Mart			405	0.0%
Purgatory Ski Area			341	0.0%
Southern Ute Lodge & Casino			300	0.0%
Bayfield School District 11JT			188	0.0%
CO State Government	-	0.0%	-	0.0%
Total	<u>5,779</u>	<u>20.0%</u>	<u>4,519</u>	<u>14.5%</u>
Total La Plata County Employment	<u>28,861</u>	<u>100%</u>	<u>31,162</u>	<u>100%</u>

Source: Region 9 Economic Development District of SW Colorado

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

The most recent data available is provided in the schedule.

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

Fiscal Year	Property Value (1)			Commercial Construction (2)		New Residential & Other Construction (2)	
	Commercial	Residential	Total	Number of Permits	Value	Number of Permits(Units)	Value
2006	\$ 883,674,521	\$ 1,515,029,020	\$ 2,398,703,541	15	\$ 11,597,280	732(148)	\$ 49,044,913
2007	900,596,743	1,579,096,357	2,479,693,100	11	11,648,621	612(253)	53,540,103
2008	1,147,535,650	2,066,213,190	3,213,748,840	5	5,601,110	23 (86)	12,534,971
2009	1,246,459,259	2,201,193,467	3,447,652,726	0	-	21 (30)	15,589,725
2010	1,246,459,259	2,201,193,467	3,447,652,726	3	1,067,588	25 (54)	15,589,170
2011	944,478,790	2,071,047,330	3,015,526,120	4	1,449,910	39 (42)	7,822,044
2012	944,478,790	2,071,047,330	3,015,526,120	9	20,666,680	391(42)	23,353,205
2013	911,382,230	2,009,083,420	2,920,465,650	5	11,803,699	516(100)	36,622,639
2014	935,081,880	2,047,280,250	2,982,362,130	4	4,745,726	70(138)	20,860,867
2015	957,824,280	2,382,562,440	3,340,386,720	7	9,909,232	495(196)	49,571,608

Sources:

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

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
General government	55.75	60.50	63.00	65.00	54.00	52.37	53.42	57.25	66.42	69.42
Public safety	83.00	87.00	87.00	89.00	84.00	84.00	84.00	85.00	86.00	86.00
Public works	27.00	27.00	27.00	26.00	23.00	19.00	18.50	19.00	19.00	21.00
Parks and recreation	30.00	31.00	32.00	29.00	24.00	24.00	26.00	29.00	30.00	32.00
Library	16.50	17.50	21.50	22.50	21.50	20.50	20.50	20.50	20.50	20.50
Joint venture airport	13.00	13.00	16.00	14.00	12.00	16.00	16.00	17.00	17.00	21.00
Water utility	15.00	15.00	16.00	16.00	16.00	16.00	15.75	17.00	21.60	20.80
Sewer utility	12.00	12.00	12.00	12.00	12.00	12.00	12.75	16.00	16.40	17.40
Parking	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	0.00	0.00
Sustainable Services	7.00	7.00	8.00	8.75	10.00	12.50	12.50	12.50	12.00	12.33
Public transit	14.00	17.00	17.00	17.00	17.00	17.33	18.33	19.33	0.00	0.00
Transportation Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.33	30.00
Total	278.25	292.00	304.50	304.25	279.50	279.70	283.75	298.58	316.25	330.45

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Source: City Budgets.

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

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

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

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building permits issued	747	623	369	365	416	392	400	521	572	502
Value of buildings (millions)	\$ 60.6	\$ 65.2	\$ 35.0	\$ 38.6	\$ 16.7	\$ 22.5	\$ 44.0	\$ 48.4	\$ 40.2	\$ 42.5
Building construction inspections	1,653	1,756	1,215	860	802	781	854	1,191	1,141	1,182
Acres annexed	1.49	27.6	9,702	9,934	0	592,965	772.2	774.82	3655.9	3655.9
Area in square miles	9.79	9.84	9.85	9.85	9.85	10.83	11.12	13.85	19.57	19.57
Public Safety										
Total number of police incidents	35,137	35,030	32,900	32,607	34,730	37,836	39,705	34,105	37,466	39,702
Number of 911 calls received	16,360	16,026	16,912	16,299	16,483	16,071	18,180	17,677	18,855	19,002
Public Works										
Street miles swept	16,727	12,435	12,512	8,136	8,124	10,357	11,873	10,840	10,630	11,317
Tons hot mix applied	146	116	353	254	355	169	242	302	225	359
Signs replaced/installed	1,211	1,397	1,071	956	770	1,931	2,448	2,149	1,546	1,439
Snow hauled (cubic yards)	7,930	5,050	57,660	32,580	34,760	10,490	18,975	8,998	380	15,190
Parks and Recreation										
Recreation Center admissions	360,193	361,243	337,338	348,881	331,569	339,906	339,666	362,889	371,149	366,006
Program participants	35,781	35,272	35,833	32,368	29,765	30,820	30,987	34,541	36,712	37,445
Park & River permits issued	178	210	200	188	185	180	213	221	250	267
Library										
Number of volumes/materials	94,799	92,753	94,894	101,401	103,346	111,461	118,501	106,432	107,963	120,508
Circulation	276,584	274,117	260,249	366,905	385,893	424,083	445,377	449,110	440,938	440,508
Water utility										
Gallons of water treated (MG)	1,261	1,190	1,283	1,274	1,199	1,301	1,399	1,407	1,422	1,288
Number of water consumers	5,793	6,050	6,171	6,281	6,213	6,252	6,510	6,488	6,485	6,690
Water main breaks	31	22	31	24	24	18	28	25	27	19
Sewer utility										
Gallons of wastewater treated (MG)	657,129	673,587	734,675	716	715	710	718	639	694	690
Average daily use (MG)	1.800	1.845	2.007	2	2	2	2	2	2	2
Solid waste										
Commercial accounts	539	564	374	395	453	430	450	486	537	552
Residential	3,987	4,181	4,339	4,375	4,442	4,422	4,469	4,542	4,548	4,574
Cubic yards refuse hauled	21,740	21,459	18,559	17,291	20,399	21,400	21,966	24,288	23,584	24,826
Public transit										
Passengers	274,721	273,345	365,048	436,768	490,582	583,622	629,573	613,621	583,756	472,943
Cost per trip (dollars)	\$ 4.04	\$ 4.41	\$ 3.87	\$ 3.93	\$ 6.38	\$ 3.68	\$ 3.59	\$ 3.29	\$ 2.59	\$ 4.64

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

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

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program											
Public Safety											
	Number of police vehicles	27	27	29	33	33	34	36	37	37	37
Public Works											
	Miles of streets	69.7	70.06	73.42	74.83	74.9	74.9	74.9	74.9	74.9	74.9
Parks and Recreation											
	Parkland-developed acres	199.5	207.75	207.81	174.09	174.09	174.09	174.09	175.69	175.69	193.67
	Parkland- undeveloped acres	67.99	60.42	60.42	111.43	111.43	111.43	112.17	112.55	112.55	109.85
	Open space -acres	925.52	929.3	935.51	1510.61	2245.00	2639.00	2724.00	2867.45	3001.08	3001.63
	Number of playgrounds	17	19	18	19	19	19	19	19	19	19
194	Library										
	Number of libraries	1	1	1	1	1	1	1	1	1	1
Water utility											
	Miles of water lines	126.49	129.86	130.4	134.3	134.62	134.62	134.62	135.6	136	137
Sewer utility											
	Miles of sewer lines	93.76	94.22	95.7	96.05	96.13	96.13	96.13	100	101.5	101.5
Parking											
	Number of parking lots	4	4	4	4	4	4	4	4	4	4
Solid waste											
	Transfer station	1	1	1	1	1	1	1	1	1	1
	Recycling center	1	1	1	1	1	1	1	1	1	1
Public transit											
	Number of buses	12	13	14	15	15	16	13	16	16	16



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Durango, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Durango's basic financial statements, and have issued our report thereon dated June 2, 2016.

Internal Control Over Financial Reporting

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

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

Honorable Mayor and Member of the City Council
City of Durango

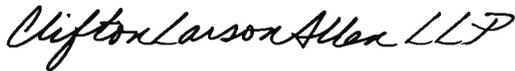
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



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Broomfield, Colorado
June 2, 2016



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Durango's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Durango's major federal programs for the year ended December 31, 2015. The City of Durango's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Durango complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Honorable Mayor and
Members of the City Council
Durango, Colorado

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Broomfield, Colorado
June 2, 2016

City of Durango, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Airport Improvement Program	20.106	AIP 44	120,969
Airport Improvement Program	20.106	AIP 46	83,673
Airport Improvement Program	20.106	AIP 45	399,997
Pass-Through Program From:			
Colorado Department of Transportation			
FTA Public Transportation Grant	20.509	5311	826,300
FTA Public Transportation Grant	20.516	5316	87,500
FTA Public Transportation Grant	20.521	5317	66,899
FTA New Freedom Grant	20.521	5317	96,286
FTA Metropolitan & Statewide Planning Grant	20.505	5304	14,778
FTA Planning Grant	20.520	5320	27,281
FHWA Safe Routes to School	20.205	20220	139,230
FHWA SAFETEA-LU Grant	20.205		508,455
FHWA SAFETEA-LU Grant	20.205	19902	<u>3,381,931</u>
Total U.S. Department of Transportation			<u>5,753,298</u>
U.S. Department of Justice			
Pass Through Program from:			
Colorado Department of Public Safety			
Bureau of Justice Assistance, Bulletproof Vest Partnership	16.607		<u>4,290</u>
Total U.S. Department of Justice			<u>4,290</u>
U.S. Department of Homeland Security:			
Pass Through Program from:			
Colorado Department of Homeland Security and Emergency Management			
FEMA Pre-Disaster Mitigation Grant	97.047	PDM2014001105	92,579
Office of Emergency Management, Emergency Management Performance Grant	97.042	9EM09L135	<u>28,000</u>
Total U.S. Department of Homeland Security			<u>120,579</u>
U.S. Department of Housing and Urban Development:			
Pass Through Program from:			
Colorado Department of Local Affairs			
Community Development Block Grant	14.228	14-053	32,800
Community Development Block Grant	14.228	14-057	1,000
Community Development Block Grant	14.228	15-034	<u>249,000</u>
Total U.S. Department of Housing and Urban Development			<u>282,800</u>
			<u>6,160,967</u>
Total Expenditures of Federal Awards			

Notes to schedule:

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

**CITY OF DURANGO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	U.S. Department of Transportation, Highway Planning and Construction

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

Auditee qualified as low-risk auditee? yes no

**CITY OF DURANGO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Audit Findings

Finding: 2014-001 Davis-Bacon – Internal Control Over Compliance

Significant Deficiency

Summary: It was noted that the City did not have a mechanism in place to track contractors' certified payrolls to ensure compliance with Wage Rate Requirements (formerly Davis-Bacon) and did not document review of the certified payrolls. We recommended that the City implement a tracking mechanism and document review of all certified payrolls received from contractors.

Status: Implemented.