

**City of Glenwood Springs
Glenwood Springs, Colorado**

**Financial Statements
December 31, 2016**



**City of Glenwood Springs, Colorado
Financial Report
December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

**To the Members of City Council
City of Glenwood Springs
Glenwood Springs, Colorado**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Member: American Institute of Certified Public Accountants

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**To the Members of City Council
Glenwood Springs, Colorado**

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, each major fund, and the aggregate remaining fund information of City of Glenwood Springs, Colorado as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in Section B 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.

The budgetary comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions in section E are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information, the Schedule of Employer's Net Pension Liability, and the Schedule of Employer Contributions have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
May 26, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Glenwood Springs, Colorado

Management's Discussion and Analysis
December 31, 2016

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

Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, transportation, public safety, community development, public works and culture and recreation. The business-type activities of the City include water and sewer operations, electric distribution operation, airport and landfill operations.

The government-wide financial statements can be found in Section C of this report.

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The City's major governmental funds include the General Fund, Fire and Ambulance Fund, Downtown Development Authority, Capital Projects Fund, Street Tax Fund, and the Acquisition and Improvement Fund. The City also reports a number of non-major governmental funds.

Overview of the Financial Statements (continued)

Governmental Funds (continued): Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statute.

The basic major governmental fund financial statements can be found in Section C.

Proprietary Funds: The City reports two categories of proprietary funds - Internal Service and Enterprise. The Fleet Service Fund, an internal service fund created in 2007, provides vehicle and equipment replacement and maintenance services to the City's governmental and enterprise activities. 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 to account for its Water and Sewer, Electric Distribution, Airport and Landfill Operations.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for each of the business-type services provided by the City, each of which is considered to be a major fund of the City.

The basic Proprietary Fund financial statements can be found in Section C of this report.

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Fund used by the City is the Cemetery Reserve.

The basic Fiduciary Fund financial statements can be found in Section C of this report.

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

Government-wide Financial Analysis:

City of Glenwood Spring's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and other assets	28,784,487	31,239,828	20,959,029	20,005,842	49,743,516	51,245,670
Capital assets, net	79,852,751	77,777,826	73,236,629	72,524,928	153,089,380	150,302,754
Total Assets	<u>108,637,238</u>	<u>109,017,654</u>	<u>94,195,658</u>	<u>92,530,770</u>	<u>202,832,896</u>	<u>201,548,424</u>
Deferred Outflows of Resources:	<u>106,093</u>	<u>98,312</u>	<u>-</u>	<u>-</u>	<u>106,093</u>	<u>98,312</u>
Liabilities:						
Other liabilities	4,869,190	3,969,199	3,804,504	2,912,080	8,673,694	6,881,279
Long-term liabilities	7,127,518	9,280,802	24,749,917	25,906,379	31,877,435	35,187,181
Total Liabilities	<u>11,996,708</u>	<u>13,250,001</u>	<u>28,554,421</u>	<u>28,818,459</u>	<u>40,551,129</u>	<u>42,068,460</u>
Deferred Inflows of Resources:	<u>1,428,309</u>	<u>1,399,092</u>	<u>-</u>	<u>-</u>	<u>1,428,309</u>	<u>1,399,092</u>
Net Position:						
Net investment in capital assets	71,788,636	67,656,084	47,574,725	45,746,700	119,363,361	113,402,784
Restricted	2,816,975	2,635,197	-	-	2,816,975	2,635,197
Unrestricted	20,712,703	24,175,592	18,066,512	17,965,611	38,779,215	42,141,203
Total Net Position	<u>95,318,314</u>	<u>94,466,873</u>	<u>65,641,237</u>	<u>63,712,311</u>	<u>160,959,551</u>	<u>158,179,184</u>

Government-wide Net Position and Activities:

Traditionally, the largest portion of any municipality's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the City's residents and visitors. The City's capital assets account for 74% of its net position; these assets are not an available source for payment of future spending. Of the remaining \$41,596,190 in net position, \$897,897 is restricted for TABOR reserve, \$73,760 is restricted for police asset forfeitures, \$1,182,500 is restricted for general obligation bond payments, and \$412,021 is restricted by enabling legislation.

At the end of the 2016 fiscal year, the City is able to report positive balances in all three categories of net position, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net position increased by \$2,780,367 during the current fiscal year from \$158,179,184 to \$160,959,551. Governmental activities continued to increase as the City contributed to ongoing downtown projects. The increase in business-type activities can primarily be attributed to the City's cost of providing electrical utility services to its patrons.

Government-wide Financial Analysis (continued):

	City of Glenwood Spring's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	5,658,132	5,287,234	23,163,067	22,253,827	28,821,199	27,541,061
Grants and contributions	2,219,833	2,202,042	47,745	433,560	2,267,578	2,635,602
General revenue:						
Sales and use taxes	18,020,517	17,167,543	-	-	18,020,517	17,167,543
Property taxes	1,395,469	1,381,226	-	-	1,395,469	1,381,226
Other taxes	1,305,134	1,256,872	-	-	1,305,134	1,256,872
Interest and other revenues	349,182	303,728	126,687	111,907	475,869	415,635
Total Revenues	28,948,267	27,598,645	23,337,499	22,799,294	52,285,766	50,397,939
Expenses:						
General government	4,349,401	4,166,082	-	-	4,349,401	4,166,082
Transportation	1,244,768	1,196,010	-	-	1,244,768	1,196,010
Public Safety	7,530,539	7,087,348	-	-	7,530,539	7,087,348
Community development	2,041,864	1,754,418	-	-	2,041,864	1,754,418
Public works	7,347,003	5,112,315	-	-	7,347,003	5,112,315
Culture and recreation	4,623,242	4,360,608	-	-	4,623,242	4,360,608
Interest on long-term debt	318,273	299,061	-	-	318,273	299,061
Water and sewer	-	-	5,541,316	5,391,721	5,541,316	5,391,721
Electric system	-	-	13,009,845	12,877,200	13,009,845	12,877,200
Airport operations	-	-	135,866	133,240	135,866	133,240
Landfill	-	-	3,363,282	3,228,749	3,363,282	3,228,749
Total Expenses	27,455,090	23,975,842	22,050,309	21,630,910	49,505,399	45,606,752
Change in Net Position						
Before Transfers	1,493,177	3,622,803	1,287,190	1,168,384	2,780,367	4,791,187
Transfers	(641,736)	808,216	641,736	(808,216)	-	-
Change in Net Position	851,441	4,431,019	1,928,926	360,168	2,780,367	4,791,187
Net Position - Beginning	94,466,873	90,035,854	63,712,311	63,352,143	158,179,184	153,387,997
Net Position - Ending	95,318,314	94,466,873	65,641,237	63,712,311	160,959,551	158,179,184

Governmental Activities: Governmental activities increased the City's net position by \$1,493,177 before transfers. Significantly impacting the 2016 results was a 5% increase in sales and use taxes. Public works increased primarily due to the Grand Ave. Bridge project.

Government-wide Financial Analysis (continued):

Business-type Activities: Business-type activities increased the City's net position by \$1,168,384 before transfers. Key elements of this increase are as follows:

- The Water and Sewer Fund's net position increased by \$1,127,083, before transfers. Consumer usage has increased and overall user fees have been increased routinely by the City to help pay for the debt associated with construction of the new wastewater facility. The loan agreement is in the amount of \$31,460,100 and will require principal and interest payments until 2032. For the year ended December 31, 2016 principal and interest expenses totaled \$1,944,050.
- The Electric Fund's net position increased by \$1,074,346 before transfers. This increase can be attributable to usage increases.
- The Landfill Fund's net position decreased by \$ 969,100 before transfers. This decrease is a direct result of increasing operational costs and decreasing disposal fees.

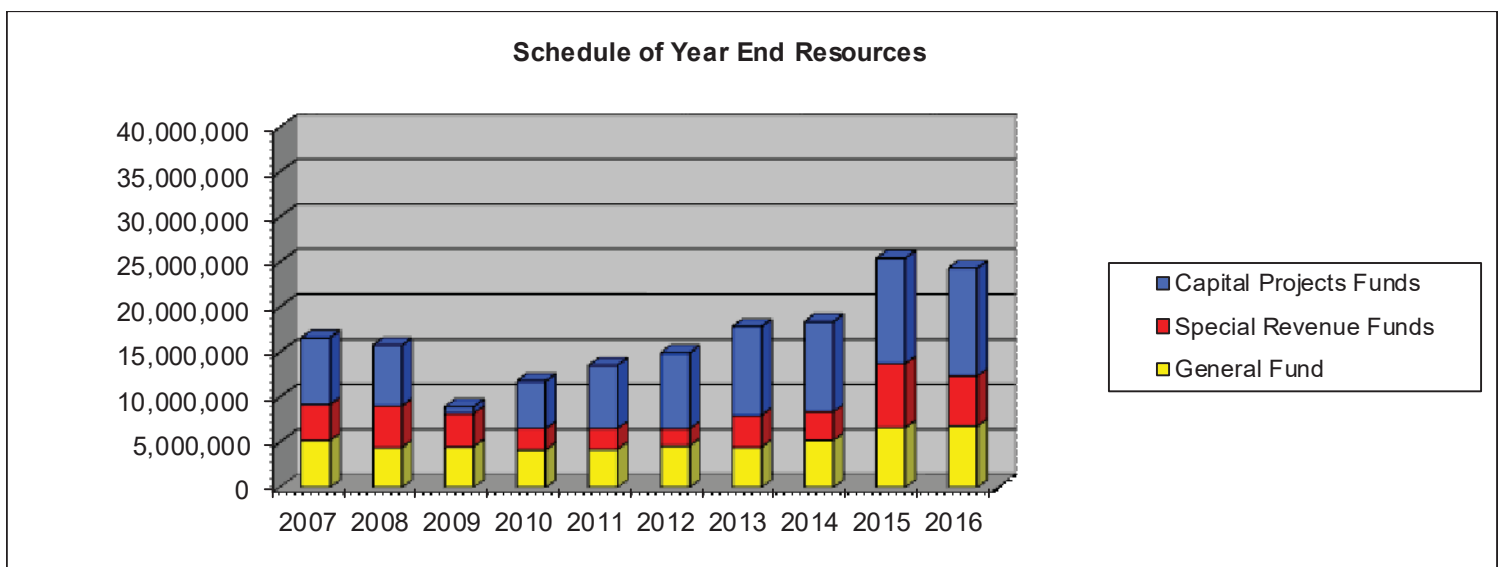
In 2007, the Landfill Fund advanced \$435,767 to the Downtown Development Authority for the purchase of property, which is being repaid in installments. In 2012, the Landfill advanced an additional \$1,000,000 to the Downtown Development Authority for the construction of the Cooper Street parking structure. There are annual principal and interest payments through August 2027 required on these advances.

Financial Analysis of the City's Funds

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

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

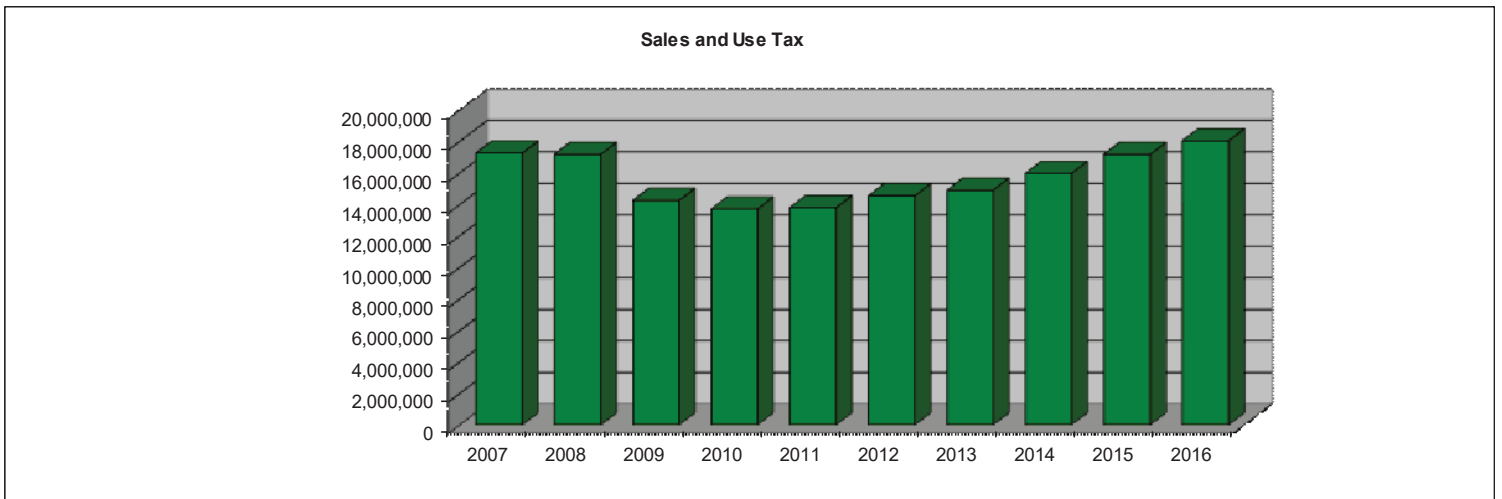
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,442,823, a decrease of \$2,995,877 from the prior year ending fund balances. The following graph provides a view of the City's ending fund balances:



Financial Analysis of the City's Funds (continued)

Governmental Funds (continued):

The City's primary funding of governmental activities is sales and use tax. The following chart represents changes in the City's sales and use tax revenue:



Sales and use tax in 2016 increased 5% over 2015 results. With over \$18 million in sales and use tax collections, it was the City's best performance since 2008.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's proprietary funds ending net position was 65,641,237 broken down by fund as follows: Water and Sewer - \$35,982,624, Electric - \$24,879,518, Airport - \$449,214 and Landfill - \$4,329,881. The net position includes each fund's net investment of capital assets. Unrestricted net position available at year-end broken down by fund is: Water and Sewer - \$9,510,306, Electric System - \$4,433,291, Airport - \$103,725, and Landfill Operations - \$3,139,236.

The approved budget for 2016 included transfers from the Enterprise funds only for debt requirements and the funding of capital costs.

Financial Analysis of the City's Funds (continued)

Budget Variances in the General Fund: The following significant variances were noted in the General Fund:

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
Revenues:		
Sales and use tax	\$ 349,065	Consumer spending increased as result in increased confidence in the economy
Charges and fees	200,976	Building activity is also rebounding as a result of increased consumer confidence
Expenses:		
General government - Annexation costs and rebates	204,528	Budget included discretionary pool, which was not fully utilized
Public safety- Police department	251,657	City conservatively budgeted for an increase in employee insurance
Community development- Administration / planning	205,810	Budget included professional services for on-going code re-write that was carried forward to 2017

Capital Assets: The City's capitalization policy pertains to assets with a purchase value of \$5,000 or greater. Assets of lesser value are treated as operational expenditures. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statement in section D.

Long-term Debts: As of the end of the current fiscal year, the City's long-term liabilities totaled \$31,877,435. Additional information as well as a detailed classification of the City's total long-term liabilities can be found in the Notes to the Financial Statements in section D of this report.

Next Year's Budget and Rates: The City's General Fund balance at the end of fiscal year 2016 totaled \$6,810,635. The original 2017 budget anticipates decreasing this balance by \$1,006,740.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Glenwood Springs, City Finance Director, 101 W. 8th Street, Glenwood Springs, CO 81601.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business Type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents - unrestricted	20,068,544	17,001,068	37,069,612
Cash and cash equivalents - restricted	4,283,300	-	4,283,300
Accounts, taxes, and interest receivable	4,534,771	2,487,624	7,022,395
Due from other governments	575,116	-	575,116
Prepaid items	4,065	-	4,065
Internal balances	(693,376)	693,376	-
Inventory	12,067	776,961	789,028
Total current assets	<u>28,784,487</u>	<u>20,959,029</u>	<u>49,743,516</u>
Capital assets not being depreciated:			
Land and water rights	11,730,820	1,334,857	13,065,677
Construction in progress	10,687,825	1,627,489	12,315,314
Capital assets being depreciated:			
Buildings and improvements	102,890,750	108,225,378	211,116,128
Equipment and vehicles	11,806,234	3,606,918	15,413,152
Less accumulated depreciation	(57,262,878)	(41,558,013)	(98,820,891)
Total capital assets (net)	<u>79,852,751</u>	<u>73,236,629</u>	<u>153,089,380</u>
Total Assets	<u>108,637,238</u>	<u>94,195,658</u>	<u>202,832,896</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	38,158	-	38,158
Deferred pension expenses	67,935	-	67,935
Total Deferred Outflows of Resources	<u>106,093</u>	<u>-</u>	<u>106,093</u>
Liabilities:			
Current Liabilities:			
Accounts, retainage, arbitrage & deposits payable	1,697,618	1,986,768	3,684,386
Accrued compensation	407,387	99,173	506,560
Interest payable	65,312	313,263	378,575
Unearned revenue	10,213	-	10,213
Deposits	88,885	-	88,885
Compensated absences - Due within one year	507,617	197,325	704,942
Long-term debt - Due within one year	2,092,158	1,207,975	3,300,133
Total current liabilities	<u>4,869,190</u>	<u>3,804,504</u>	<u>8,673,694</u>
Noncurrent liabilities:			
Compensated absences	761,430	295,988	1,057,418
Long-term debt	6,010,115	24,453,929	30,464,044
Net pension liability	355,973	-	355,973
Total noncurrent liabilities	<u>7,127,518</u>	<u>24,749,917</u>	<u>31,877,435</u>
Total Liabilities	<u>11,996,708</u>	<u>28,554,421</u>	<u>40,551,129</u>
Deferred Inflows of Resources:			
Property taxes	1,428,309	-	1,428,309
Total Deferred Inflows of Resources	<u>1,428,309</u>	<u>-</u>	<u>1,428,309</u>
Net Position:			
Net investment in capital assets	71,788,636	47,574,725	119,363,361
Restricted for:			
Emergencies	897,897	-	897,897
Other purposes	1,919,078	-	1,919,078
Unrestricted	20,712,703	18,066,512	38,779,215
Total Net Position	<u>95,318,314</u>	<u>65,641,237</u>	<u>160,959,551</u>

The notes to the financial statements are an integral part of this statement.

City of Glenwood Springs, Colorado
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating	Capital	Governmental	Business-type	Total
		Services	Grants and Contributions	Grants and Contributions			
Functions/Programs:							
Governmental Activities:							
General government	4,349,401	2,463,142	362,892	-	(1,523,367)	-	(1,523,367)
Public transportation	1,244,768	113,130	254,654	-	(876,984)	-	(876,984)
Public safety	7,530,539	1,424,884	277,525	-	(5,828,130)	-	(5,828,130)
Community and economic development	2,041,864	214,690	-	-	(1,827,174)	-	(1,827,174)
Public works	7,347,003	77,569	1,190,874	19,547	(6,059,013)	-	(6,059,013)
Culture and recreation	4,623,242	1,364,717	4,385	109,956	(3,144,184)	-	(3,144,184)
Interest on long-term debt	318,273	-	-	-	(318,273)	-	(318,273)
Total Governmental Activities	<u>27,455,090</u>	<u>5,658,132</u>	<u>2,090,330</u>	<u>129,503</u>	<u>(19,577,125)</u>	<u>-</u>	<u>(19,577,125)</u>
Business-type Activities:							
Water and sewer	5,541,316	6,623,843	-	4,560	-	1,087,087	1,087,087
Electric system	13,009,845	14,055,933	-	42,561	-	1,088,649	1,088,649
Airport operations	135,866	147,435	624	-	-	12,193	12,193
Landfill operations	3,363,282	2,335,856	-	-	-	(1,027,426)	(1,027,426)
Total Business-type Activities	<u>22,050,309</u>	<u>23,163,067</u>	<u>624</u>	<u>47,121</u>	<u>-</u>	<u>1,160,503</u>	<u>1,160,503</u>
Total	<u>49,505,399</u>	<u>28,821,199</u>	<u>2,090,954</u>	<u>176,624</u>	<u>(19,577,125)</u>	<u>1,160,503</u>	<u>(18,416,622)</u>
General Revenues:							
Taxes:							
Property tax, levied for general purposes					1,395,469	-	1,395,469
Specific ownership tax					65,163	-	65,163
Sales and use tax					18,020,517	-	18,020,517
Franchise tax					169,914	-	169,914
Accommodations tax					1,032,987	-	1,032,987
Other miscellaneous taxes					37,070	-	37,070
Unrestricted investment earnings					182,458	125,319	307,777
Grants, contributions and miscellaneous income not restricted for specific purposes					141,300	-	141,300
Gain on asset disposal					25,424	1,368	26,792
Transfers					(641,736)	641,736	-
Total General Revenues and Transfers					<u>20,428,566</u>	<u>768,423</u>	<u>21,196,989</u>
Change in Net Position					851,441	1,928,926	2,780,367
Net Position - Beginning					<u>94,466,873</u>	<u>63,712,311</u>	<u>158,179,184</u>
Net Position - Ending					<u>95,318,314</u>	<u>65,641,237</u>	<u>160,959,551</u>

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

FUND FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	General	Fire and Ambulance Fund	Downtown Development Authority	Street Tax Fund	Capital Projects Fund	Acquisition and Improvement	Other Governmental Funds	Total
Assets:								
Cash and investments	5,742,672	14,310	600,554	457,395	4,474,249	3,164,241	3,525,588	17,979,009
Cash and investments - restricted	-	-	-	2,500,000	-	1,783,300	-	4,283,300
Taxes receivable	2,272,394	-	56,403	256,648	256,648	513,296	207,086	3,562,475
Accounts receivable, net	700,210	169,112	-	-	19,547	-	2,048	890,917
Interest receivable	5,710	-	-	1,167	2,839	8,607	3,178	21,501
Due from other governments	-	-	-	575,116	-	-	-	575,116
Due (to) from other funds	47,098	-	(1,515,830)	-	-	-	-	(1,468,732)
Prepaid items	-	-	-	-	-	-	4,065	4,065
Total Assets	8,768,084	183,422	(858,873)	3,790,326	4,753,283	5,469,444	3,741,965	25,847,651
Liabilities:								
Accounts/vouchers payable	245,145	34,042	10,736	895,813	45,988	41,665	209,879	1,483,268
Other liabilities	83,885	-	-	-	-	5,000	-	88,885
Accrued payroll and related liabilities	295,393	91,603	-	-	7,157	-	-	394,153
Unearned revenue	-	7,713	-	2,500	-	-	-	10,213
Total Liabilities	624,423	133,358	10,736	898,313	53,145	46,665	209,879	1,976,519
Deferred Inflows of Resources:								
Property taxes	1,333,026	-	56,391	-	-	-	38,892	1,428,309
Total Deferred Inflows of Resources	1,333,026	-	56,391	-	-	-	38,892	1,428,309
Fund Balances:								
Nonspendable	671,270	-	-	-	-	-	4,065	675,335
Restricted	1,222,454	-	-	-	-	1,182,500	412,021	2,816,975
Committed	204,365	-	-	225,906	522,888	-	150,913	1,104,072
Assigned	-	-	-	2,750,000	4,177,250	4,240,279	2,928,323	14,095,852
Unassigned	4,712,546	50,064	(926,000)	(83,893)	-	-	(2,128)	3,750,589
Total Fund Balance	6,810,635	50,064	(926,000)	2,892,013	4,700,138	5,422,779	3,493,194	22,442,823
Total Liabilities, Deferred Inflows and Fund Balances	8,768,084	183,422	(858,873)	3,790,326	4,753,283	5,469,444	3,741,965	25,847,651

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

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

Governmental Funds Total Fund Balance	22,442,823
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	77,142,412
Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities.	5,419,594
Less:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of City long-term liabilities, including accrued interest, accrued compensation, and deferred costs.	(9,398,474)
Long-term liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the City's net pension liability, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension plan, that are amortized over the average remaining service life of all active and inactive plan participants.	<u>(288,041)</u>
Governmental Activities Net Position	<u><u>95,318,314</u></u>

The notes to the financial statements are an integral part of this statement.

City of Glenwood Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	General	Fire and Ambulance Fund	Downtown Development Authority	Street Tax Fund	Capital Projects Fund	Acquisition and Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	8,770,582	-	531,408	2,398,607	2,398,607	4,797,213	2,032,217	20,928,634
Permits and licenses	218,967	-	-	-	-	-	-	218,967
Intergovernmental revenue	1,209,316	83,917	25,000	611,956	19,547	-	425,013	2,374,749
Charges for services	1,715,393	1,044,268	-	-	76,557	-	155,800	2,992,018
Investment income	26,556	166	5,471	25,461	23,946	46,358	10,470	138,428
Miscellaneous	2,462,401	132	-	71,080	11,298	23,396	116,940	2,685,247
Total Revenues	<u>14,403,215</u>	<u>1,128,483</u>	<u>561,879</u>	<u>3,107,104</u>	<u>2,529,955</u>	<u>4,866,967</u>	<u>2,740,440</u>	<u>29,338,043</u>
Expenditures:								
General government	3,862,498	-	1,043,150	-	-	539,493	82,715	5,527,856
Transportation	-	-	-	6,639,255	-	-	1,204,329	7,843,584
Public safety	3,461,025	3,515,867	-	-	-	-	284,520	7,261,412
Community and economic development	1,017,197	-	-	-	-	-	1,076,801	2,093,998
Public works	1,700,772	-	-	-	770,468	407,316	-	2,878,556
Culture and recreation	3,453,714	-	-	-	-	855,414	46,132	4,355,260
Debt service:								
Principal	230,000	-	-	250,000	-	1,543,410	-	2,023,410
Interest	25,952	-	42,568	65,913	-	194,388	-	328,821
Total Expenditures	<u>13,751,158</u>	<u>3,515,867</u>	<u>1,085,718</u>	<u>6,955,168</u>	<u>770,468</u>	<u>3,540,021</u>	<u>2,694,497</u>	<u>32,312,897</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>652,057</u>	<u>(2,387,384)</u>	<u>(523,839)</u>	<u>(3,848,064)</u>	<u>1,759,487</u>	<u>1,326,946</u>	<u>45,943</u>	<u>(2,974,854)</u>
Other Financing Sources (Uses):								
Transfers in	2,264,253	2,508,680	55,500	768,000	-	-	184,214	5,780,647
Transfers (out)	(2,713,164)	-	-	(6,757)	(1,940,038)	(1,113,509)	(28,202)	(5,801,670)
Total Other Financing Sources (Uses)	<u>(448,911)</u>	<u>2,508,680</u>	<u>55,500</u>	<u>761,243</u>	<u>(1,940,038)</u>	<u>(1,113,509)</u>	<u>156,012</u>	<u>(21,023)</u>
Net Change in Fund Balance	203,146	121,296	(468,339)	(3,086,821)	(180,551)	213,437	201,955	(2,995,877)
Fund Balance (Deficit) - Beginning of Year	<u>6,607,489</u>	<u>(71,232)</u>	<u>(457,661)</u>	<u>5,978,834</u>	<u>4,880,689</u>	<u>5,209,342</u>	<u>3,291,239</u>	<u>25,438,700</u>
Fund Balance (Deficit) - End of Year	<u>6,810,635</u>	<u>50,064</u>	<u>(926,000)</u>	<u>2,892,013</u>	<u>4,700,138</u>	<u>5,422,779</u>	<u>3,493,194</u>	<u>22,442,823</u>

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

City of Glenwood Springs, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
December 31, 2016

Net Change in Fund Balances of Governmental Funds	(2,995,877)
 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 and reported as depreciation expense. This is the amount of by which depreciation exceeded capital outlay expenses for the year.	2,814,311
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers) is a decrease to net position:	(1,361,187)
Repayment of bond principal and leases are expenditures in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position. This represents the total principal repayments, the change in accrued interest at year end and amortization of debt-related deferrals.	2,033,956
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	43,258
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities.	302,745
Changes in the City's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in City's net pension obligation during the year, including differences between employer contributions to the pension plan and amortization of pension-related deferrals.	14,235
Governmental Activities Change in Net Position	851,441

The notes to the financial statements are an integral part of this statement.

City of Glenwood Springs, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:						
Current:						
Cash in bank - Unrestricted	7,909,190	4,346,955	83,660	3,294,240	15,634,045	2,089,538
Cash in bank - Restricted	1,367,024	-	-	-	1,367,024	-
Accounts receivable - Trade (net of allowance for doubtful accounts)	535,736	1,820,802	526	112,627	2,469,691	59,877
Interest receivable	3,506	4,955	-	6,714	15,175	-
Other receivables	2,759	-	-	-	2,759	-
Inventory	464,041	292,696	20,224	-	776,961	12,067
Due from (to) other funds	-	-	-	693,376	693,376	775,356
Total Current Assets	<u>10,282,256</u>	<u>6,465,408</u>	<u>104,410</u>	<u>4,106,957</u>	<u>20,959,031</u>	<u>2,936,838</u>
Property and Equipment:						
Land	-	1,305,057	-	-	1,305,057	-
Construction in progress	957,876	663,979	-	5,633	1,627,488	-
Building, plant and system	73,179,812	33,364,954	391,225	1,289,387	108,225,378	-
Water rights	29,800	-	-	-	29,800	-
Equipment	983,202	2,402,033	90,388	94,759	3,570,382	2,135,867
Vehicles	-	13,693	-	22,844	36,537	3,420,341
Total	<u>75,150,690</u>	<u>37,749,716</u>	<u>481,613</u>	<u>1,412,623</u>	<u>114,794,642</u>	<u>5,556,208</u>
Less accumulated depreciation	<u>(23,896,422)</u>	<u>(17,303,489)</u>	<u>(136,124)</u>	<u>(221,978)</u>	<u>(41,558,013)</u>	<u>(2,845,869)</u>
Net Property and Equipment	<u>51,254,268</u>	<u>20,446,227</u>	<u>345,489</u>	<u>1,190,645</u>	<u>73,236,629</u>	<u>2,710,339</u>
Total Assets	<u>61,536,524</u>	<u>26,911,635</u>	<u>449,899</u>	<u>5,297,602</u>	<u>94,195,660</u>	<u>5,647,177</u>
Liabilities and Fund Equity:						
Current Liabilities:						
Accounts payable	194,489	1,433,925	195	67,870	1,696,479	207,192
Deposits	-	290,290	-	-	290,290	-
Accrued interest	312,392	872	-	-	313,264	-
Accrued payroll and taxes	45,815	44,540	490	8,328	99,173	20,391
Accrued vacation and sick pay	219,254	262,490	-	11,569	493,313	-
Other liabilities	-	-	-	879,954	879,954	-
Current portion of long-term debt	1,207,975	-	-	-	1,207,975	-
Total Current Liabilities	<u>1,979,925</u>	<u>2,032,117</u>	<u>685</u>	<u>967,721</u>	<u>4,980,448</u>	<u>227,583</u>
Long-term Liabilities:						
Long-term debt - Bonds payable, net of current portion	<u>23,573,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,573,975</u>	<u>-</u>
Total Liabilities	<u>25,553,900</u>	<u>2,032,117</u>	<u>685</u>	<u>967,721</u>	<u>28,554,423</u>	<u>227,583</u>
Net Position:						
Net investment in capital assets	26,472,318	20,446,227	345,489	1,190,645	48,454,679	2,710,339
Unrestricted	9,510,306	4,433,291	103,725	3,139,236	17,186,558	2,709,255
Total Net Position	<u>35,982,624</u>	<u>24,879,518</u>	<u>449,214</u>	<u>4,329,881</u>	<u>65,641,237</u>	<u>5,419,594</u>

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

City of Glenwood Springs, Colorado
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
Operating Revenues:						
Rentals	-	-	27,700	-	27,700	-
Charges and fees	6,618,915	13,296,479	119,735	2,326,596	22,361,725	595,055
Intergovernmental	-	-	624	-	624	-
Other	4,928	759,454	-	9,260	773,642	69,357
Total Operating Revenues	<u>6,623,843</u>	<u>14,055,933</u>	<u>148,059</u>	<u>2,335,856</u>	<u>23,163,691</u>	<u>664,412</u>
Operating Expenses:						
Purchased power	-	9,475,085	-	-	9,475,085	-
Operations and maintenance	2,131,627	1,344,478	98,133	2,984,060	6,558,298	764,410
General and administrative	916,772	1,240,137	24,439	330,784	2,512,132	-
Depreciation	1,722,618	947,017	13,294	48,439	2,731,368	430,858
Total Operating Expenses	<u>4,771,017</u>	<u>13,006,717</u>	<u>135,866</u>	<u>3,363,283</u>	<u>21,276,883</u>	<u>1,195,268</u>
Operating Income (Loss)	<u>1,852,826</u>	<u>1,049,216</u>	<u>12,193</u>	<u>(1,027,427)</u>	<u>1,886,808</u>	<u>(530,856)</u>
Non-Operating Revenues (Expenses):						
Disposition of assets	-	(1,623)	-	-	(1,623)	25,424
Investment income	39,995	26,890	107	58,327	125,319	44,032
Intergovernmental awards	4,560	-	-	-	4,560	-
Interest expense	(770,298)	(137)	-	-	(770,435)	-
Total Non-Operating Revenues (Expenses)	<u>(725,743)</u>	<u>25,130</u>	<u>107</u>	<u>58,327</u>	<u>(642,179)</u>	<u>69,456</u>
Income (Loss) Before Transfers and Capital Contributions	<u>1,127,083</u>	<u>1,074,346</u>	<u>12,300</u>	<u>(969,100)</u>	<u>1,244,629</u>	<u>(461,400)</u>
Transfer (out)	(376,651)	(1,000,536)	-	(5,935)	(1,383,122)	-
Transfer in	640,000	-	-	-	640,000	764,145
Capital contributions	1,384,858	42,561	-	-	1,427,419	-
Change in Net Position	<u>2,775,290</u>	<u>116,371</u>	<u>12,300</u>	<u>(975,035)</u>	<u>1,928,926</u>	<u>302,745</u>
Net Position - Beginning of Year	<u>33,207,334</u>	<u>24,763,147</u>	<u>436,914</u>	<u>5,304,916</u>	<u>63,712,311</u>	<u>5,116,849</u>
Net Position - End of Year	<u><u>35,982,624</u></u>	<u><u>24,879,518</u></u>	<u><u>449,214</u></u>	<u><u>4,329,881</u></u>	<u><u>65,641,237</u></u>	<u><u>5,419,594</u></u>

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

City of Glenwood Springs, Colorado
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
Cash Flows From Operating Activities:						
Cash received from customers	6,577,690	13,153,095	147,533	2,426,058	22,304,376	540,900
Cash paid to suppliers and employees	(2,880,822)	(11,592,483)	(124,792)	(3,287,645)	(17,885,742)	(665,366)
Other operating revenues	-	759,454	-	9,260	768,714	69,357
Interfund transfers	1,648,207	(1,000,536)	-	(1,036,201)	(388,530)	705,451
Net Cash Provided (Used) by Operating Activities	<u>5,345,075</u>	<u>1,319,530</u>	<u>22,741</u>	<u>(1,888,528)</u>	<u>4,798,818</u>	<u>650,342</u>
Cash Flows From Non-Capital Financing Activities:						
Net refunds of customer deposits	-	221,204	-	-	221,204	-
Net Cash (Used) by Non-Capital Financing Activities	<u>-</u>	<u>221,204</u>	<u>-</u>	<u>-</u>	<u>221,204</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Sale of assets	-	1,367	-	-	1,367	25,075
Intergovernmental awards	4,560	-	-	-	4,560	-
Repayments from other funds	-	-	-	177,919	177,919	-
Interest paid on bonds and equipment contracts	(770,298)	(363)	-	-	(770,661)	-
Principal paid on bonds and equipment contracts	(1,171,050)	-	-	-	(1,171,050)	-
Acquisition and construction of capital assets	(2,549,544)	(613,458)	-	(240,494)	(3,403,496)	(1,101,757)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,486,332)</u>	<u>(612,454)</u>	<u>-</u>	<u>(62,575)</u>	<u>(5,161,361)</u>	<u>(1,076,682)</u>
Cash Flows From Investing Activities:						
Interest on investments	24,165	27,314	107	56,118	107,704	44,032
Net Cash Provided by Investing Activities	<u>24,165</u>	<u>27,314</u>	<u>107</u>	<u>56,118</u>	<u>107,704</u>	<u>44,032</u>
Net Change in Cash and Cash Equivalents	882,908	955,594	22,848	(1,894,985)	(33,635)	(382,308)
Cash and Cash Equivalents - Beginning of Year	8,393,306	3,391,361	60,812	5,189,225	17,034,704	2,471,846
Cash and Cash Equivalents - End of Year	<u>9,276,214</u>	<u>4,346,955</u>	<u>83,660</u>	<u>3,294,240</u>	<u>17,001,069</u>	<u>2,089,538</u>
Cash and Cash Equivalents Consists of the Following:						
Cash in bank - Unrestricted	7,909,190	4,346,955	83,660	3,294,240	15,634,045	2,089,538
Cash in bank - Restricted	1,367,024	-	-	-	1,367,024	-
Total	<u>9,276,214</u>	<u>4,346,955</u>	<u>83,660</u>	<u>3,294,240</u>	<u>17,001,069</u>	<u>2,089,538</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	1,852,826	1,049,216	12,193	(1,027,427)	1,886,808	(530,856)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,722,618	947,017	13,294	48,439	2,731,368	430,858
(Increase) decrease in accounts receivable	(46,153)	(143,384)	(526)	99,462	(90,601)	(54,155)
(Increase) decrease in inventories	25,303	(69,541)	3,291	-	(40,947)	-
(Increase) decrease in prepaid items/other assets	-	-	-	-	-	9,268
Increase (decrease) in accounts payable	142,274	536,758	(5,511)	27,199	700,720	89,776
Net change in interfund transfers	1,648,207	(1,000,536)	-	(1,036,201)	(388,530)	705,451
Total Adjustments	<u>3,492,249</u>	<u>270,314</u>	<u>10,548</u>	<u>(861,101)</u>	<u>2,912,010</u>	<u>1,181,198</u>
Net Cash Provided (Used) by Operating Activities	<u>5,345,075</u>	<u>1,319,530</u>	<u>22,741</u>	<u>(1,888,528)</u>	<u>4,798,818</u>	<u>650,342</u>

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

City of Glenwood Springs, Colorado
Statement of Fiduciary Net Position
December 31, 2016

	<u>Cemetery Reserve Fund</u>
Assets:	
Cash and investments	<u>39,466</u>
Total Assets	<u>39,466</u>
Net Position:	
Held in Trust	<u><u>39,466</u></u>

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

City of Glenwood Springs, Colorado
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2016

	<u>Cemetery Reserve Fund</u>
Additions:	
Charges and fees	2,250
Investment income, net	<u>48</u>
Total Additions	<u>2,298</u>
Deductions:	
Capital outlay	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	2,298
Net Position - Beginning of Year	<u>37,168</u>
Net Position - End of Year	<u><u>39,466</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The City of Glenwood Springs, Colorado, ("City"), is located in Garfield County, Colorado and its major operations include police and fire protection, road maintenance, ambulance, airport, utilities and culture and recreation.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

A. Reporting Entity

In 1966, the City became a "Home Rule City" (a municipal corporation, as defined by Colorado Revised Statutes). The City is governed by an appointed Mayor and an elected City Council which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the City since they were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

B. Blended Component Units

In conformity with generally accepted accounting principles, the financial statements of the following component units have been included in the financial reporting entity as blended component units.

- General Improvement District Number 1980 (the "District"); the District's primary purpose is to provide infrastructure improvements to specific areas within the City's downtown area. The District's primary funding source is an ad valorem tax. The District's boundaries are entirely within the City's boundaries. Although the District is legally separate from the City, the District and the City are related through a common governing board. For financial reporting purposes, the District is reported as if it were part of the City's operations because the City is able to impose its will on the District and City Council acts as the District's *de facto* governing board.
- Downtown Development Authority (the "Authority"); the Authority is funded primarily with a Sales Tax Increment Financing (TIF) and its primary purpose is to develop and implement a downtown development and redevelopment plan for the central business area. The Authority's boundaries are entirely within the City's boundaries. The Authority exists only with the City's express consent. Although the Authority is legally separate from the City, the Authority and the City are related through a common governing board. For financial reporting purposes, the Authority is reported as if it were part of the City's operations because the City is able to impose its will on the Authority.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, road maintenance, culture and recreation, community development, transportation systems, and administration are classified as governmental activities. The City's utilities, airport and landfill are classified as business-type activities.

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

2. Fund Financial Statements

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

The City reports the following major governmental funds:

- (a) *General Fund* - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.
- (b) *Fire & Ambulance Fund* - accounts for fire and ambulance services performed by the City and Rural Fire District.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

- (c) *Downtown Development Authority* – A blended component unit, was established by a vote of the citizens in 2001 for the purpose of revitalizing the downtown corridor and building a parking structure.
- (d) *Capital Projects Fund* – accounts for major City Projects which are financed by a 0.50% sales tax.
- (e) *Acquisitions and Improvements Fund* - accounts for revenues and expenditures received from a 1.00% sales tax and special assessments levied for capital improvements purposes.
- (f) *Street Tax Fund* – accounts for revenues received from the 0.50% sales tax levied for transportation and related projects.

The City reports the following major proprietary funds:

- (a) *Water and Sewer Fund* - accounts for activities of the fund that supplies water and sewer services to the citizens of the City. City water is provided on a metered basis.
- (b) *Electric System Fund* - accounts for activities related to the purchase and delivery of power within the City limits.
- (c) *Airport Operations Fund* - accounts for activities related to user charges and maintenance expenses for the airport.
- (d) *Landfill Operations Fund* - accounts for the activities related to the operations of the City landfill and recycling program.

The City reports the following non-major governmental funds:

- (a) *Tourism Fund* - accounts for funds received from a two and one-half percent rent tax on accommodations. Expenditures are restricted for tourism promotion purposes.
- (b) *Victims Assistance and Law Enforcement Fund (V.A.L.E.)* - accounts for funds received from a surcharge for violation of all municipal ordinances and violations of the Model Traffic Code. Expenditures are restricted to victims' and witnesses' services and reimbursements and to Police Department equipment purchases, training, and additional personnel costs.
- (c) *Conservation Trust Fund* - accounts for funds received and restricted as to use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.
- (d) *Bus Tax Fund* - accounts for the .2% sales tax designated towards "Ride Glenwood Springs" bus service.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

- (e) *General Improvement District Number 1980 Fund* - the District's primary purpose is to provide infrastructure improvements to specific areas within the downtown area. The District's primary funding source is an ad valorem tax.
- (f) *Emergency Services Equipment Replacement Fund* - accounts for revenues received on a pro-rated basis from the Glenwood Springs Rural Fire Protection District and transfers from the General Fund for the purchase of emergency services, facilities and equipment.

The City also reports the following fiduciary funds which are not included in the government-wide statements since the resources of the fund are not available to the City:

- (a) The *Cemetery Reserve Fund* accounts for funds received and restricted for the maintenance and care of the Rosebud Cemetery.

Additionally, the City reports the following Internal Service Fund:

- (a) *Fleet Service Fund* - accounts for the repair and maintenance costs and the capital replacement plan of the City's vehicles and heavy equipment, excluding fire trucks.

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less. Investments are stated at fair value.

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

The Entity allows investment in types of obligations that correspond to State Statutes, which are detailed in note IV.A.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Electric System Fund and the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month prior to the close of the fiscal year.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and a deferred inflow of resources.

4. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

5. Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Position. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated to be taken as "terminal leave" at retirement.

7. Pensions

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	25-40
Buildings	30
Electric plant	40
Electric system and equipment	25
Water and sewer, plant and distribution system	40
Office furniture and equipment	10
Vehicles and tools	5

9. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has two items that qualify for reporting under this category on the Statement of Net Position. One item is deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is the collective deferred outflows related to the City's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a reduction of the net pension liability in future periods. See Note V.B.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

10. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note IV.J.

11. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within a reasonable amount of time. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

F. Significant Accounting Policies

1. Use of Estimates

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

2. Credit Risk

Receivables in the City’s funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

3. Restricted and Unrestricted Resources

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$77,142,412 reconciling item represents the book value of capital assets at December 31, 2016.

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$9,398,474 difference represent long-term bonds and loans of \$8,050,883, accrued interest of \$65,312, compensated absences of \$1,269,048, and deferred debt costs of \$13,232. Additionally, long term liabilities for pension obligations are included in the amount of \$288,041.

Another element of that reconciliation states that “Internal Service Funds are used by the City to account for the repair and replacement costs of the City’s heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position”. The result is an increase in net position of \$ 5,419,594 within governmental activities.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense”. The details of the net difference of \$2,814,311 are net capital outlay of \$6,263,784 less depreciation expense of \$3,449,477.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

As required by Colorado statutes and the Home Rule Charter, the City followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2016 budget year:

- (1) For the 2016 budget year, prior to December 10, 2015, the County Assessor sent to the City the final recertified assessed valuation of all taxable property within the City's boundaries.
- (2) The City Manager, or other qualified persons appointed by the Council, submitted to the Council, on or before the first regularly Scheduled meeting in October, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
- (3) Notice of a public hearing of the budget was announced, the budget was made available in the office of the Finance Director and a public hearing was held more than 10 days after the budget was submitted to Council.
- (4) After the required public hearing, the City Council adopted the proposed budget by resolution on or before the first regular meeting in November. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first regular Council meeting in December.
- (5) The Council may make additional appropriations by ordinance during the fiscal year for unanticipated expenditures required by the City, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget, unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. At any time during the year, the City Council may, by affirmative vote of five or more members, transfer part or all of any unexpended funds from one department, fund, or office to another.
- (6) For the 2016 budget, on or before the first regular meeting in December, or such other date required by law, the City Council computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

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

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the Water and Sewer Fund, Electric System Fund, Airport Operations Fund, Landfill Operations Fund, and Fleet Service Fund. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at fiscal year-end except for the Capital Projects Fund and the Acquisition and Improvement fund, which lapse upon project completion.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

During the year, \$2,804,150 of supplemental appropriation ordinances were approved. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

The following funds had supplementary budget appropriations:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Supplemental Appropriation</u>
General	17,735,137	17,755,337
Fleet Service Fund	2,318,866	3,076,316
Street Tax Fund	9,005,408	10,005,408
Acquisition and Improvements	3,777,791	3,857,791
Tourism	963,565	1,110,065
Conservation Trust	102,500	152,500
Downtown Development Authority	604,990	1,124,990
Water and Sewer	6,465,478	6,695,478

	<u>Water and Sewer Fund</u>	<u>Electric System Fund</u>	<u>Airport Operations Fund</u>	<u>Landfill Operations Fund</u>	<u>Fleet Service Fund</u>
Excess (deficiency) of revenues over expenditures - budget basis	\$ (945,305)	\$ (539,649)	\$ 12,300	\$ (1,215,529)	\$ (773,589)
Capital contributions	1,384,858	-	-	-	-
Debt service - Principal	1,171,050	-	-	-	-
Capital outlay	1,164,687	656,020	-	240,494	1,076,334
Total Adjustments	<u>3,720,595</u>	<u>656,020</u>	<u>-</u>	<u>240,494</u>	<u>1,076,334</u>
Net Income (Loss) - GAAP Basis	<u>\$ 2,775,290</u>	<u>\$ 116,371</u>	<u>\$ 12,300</u>	<u>\$ (975,035)</u>	<u>\$ 302,745</u>

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$897,897, which is the approximate required reserve at December 31, 2016.

The City's voters approved a ballot question which will allow the City to collect, retain, and expend the full proceeds of the City's sales and use tax, non-federal grants, fees and other revenues from the date of January 1, 1993 and thereafter. The City may not increase tax rates or add new debt without voter approval. The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016 the City had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
United States Agencies	\$ 10,213,559	\$ 10,213,559	\$ -	\$ -
Certificates of Deposit	10,816,748	-	10,816,748	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;

The City's holdings in government investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight for the pools.

The City also has amounts invested with its pension fund trustee – FPPA.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the City coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the City has limited its interest rate risk.

Credit Risk: State law and City policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk: The City diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At December 31, 2016, unrealized gains or (losses) were \$87,015 which reflects changes in the fair market value of investments. The City had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying amounts	Maturities	
			Less than one year	One to five years
Deposits:				
Petty cash	Not Rated	\$ 2,535	\$ 2,535	\$ -
Checking	Not Rated	7,072,426	7,072,426	-
Savings and money market	Not Rated	577,770	577,770	-
Investment pools	AAAm	11,526,840	11,526,840	-
Investments:				
Certificates of Deposit	Not Rated	10,816,748	3,331,497	7,485,251
United States Agencies	AA+	10,213,559	-	10,213,559
Cash held by Trustee	Not Rated	1,182,500	-	1,182,500
		<u>\$ 41,392,378</u>		

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire and Ambulance Fund</u>	<u>Downtown Development Authority</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>
Receivables:					
Taxes	\$ 2,272,394	\$ -	\$ 56,403	\$ 256,648	\$ 256,648
Accounts	700,211	221,111	-	-	19,547
Interest	5,710	-	-	1,167	2,839
Intergovernmental	-	-	-	575,116	-
Gross receivables	<u>2,978,315</u>	<u>221,111</u>	<u>56,403</u>	<u>832,931</u>	<u>279,034</u>
Less: allowance for uncollectible	-	(52,000)	-	-	-
Net receivables	<u>\$ 2,978,315</u>	<u>\$ 169,111</u>	<u>\$ 56,403</u>	<u>\$ 832,931</u>	<u>\$ 279,034</u>
	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Fund</u>	<u>Non-major and Other Funds</u>
Receivables:					
Taxes	\$ -	\$ -	-	-	\$ 207,086
Accounts	537,236	1,927,530	526	145,096	62,451
Interest	3,506	4,955	-	6,714	4,346
Other	2,759	-	-	31	-
Intergovernmental	-	-	-	-	-
Gross receivables	<u>543,501</u>	<u>1,932,485</u>	<u>526</u>	<u>151,841</u>	<u>273,883</u>
Less: allowance for uncollectible	(1,500)	(106,729)	-	(32,500)	-
Net receivables	<u>\$ 542,001</u>	<u>\$ 1,825,756</u>	<u>\$ 526</u>	<u>\$ 119,341</u>	<u>\$ 273,883</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

The City had the following capital asset activity for the year:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 10,519,063	\$ 1,211,757	\$ -	\$ -	\$ 11,730,820
Construction in progress	9,242,879	4,486,341	(1,656,537)	(1,384,858)	10,687,825
Total capital assets, not being depreciated	<u>19,761,942</u>	<u>5,698,098</u>	<u>(1,656,537)</u>	<u>(1,384,858)</u>	<u>22,418,645</u>
Capital assets, being depreciated:					
Buildings	34,638,822	45,970	-	-	34,684,792
Other improvements	3,803,058	215,586	-	-	4,018,644
Streets and trails	62,530,777	1,656,537	-	-	64,187,314
Machinery, equipment and vehicles	10,528,096	1,511,481	(233,343)	-	11,806,234
Total capital assets, being depreciated	<u>111,500,753</u>	<u>3,429,574</u>	<u>(233,343)</u>	<u>-</u>	<u>114,696,984</u>
Less accumulated depreciation for:					
Buildings	(13,674,699)	(1,171,633)	-	-	(14,846,332)
Other improvements	(1,127,396)	(109,747)	-	-	(1,237,143)
Streets and trails	(31,464,809)	(1,909,059)	-	-	(33,373,868)
Machinery, equipment and vehicles	(7,217,965)	(689,896)	102,326	-	(7,805,535)
Total accumulated depreciation	<u>(53,484,869)</u>	<u>(3,880,335)</u>	<u>102,326</u>	<u>-</u>	<u>(57,262,878)</u>
Total capital assets, being depreciated, net	<u>58,015,884</u>	<u>(450,761)</u>	<u>(131,017)</u>	<u>-</u>	<u>57,434,106</u>
Governmental Activities - Capital Assets, Net	<u>\$ 77,777,826</u>	<u>\$ 5,247,337</u>	<u>\$ (1,787,554)</u>	<u>\$ (1,384,858)</u>	<u>\$ 79,852,751</u>
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,305,057	\$ -	\$ -	\$ -	\$ 1,305,057
Water rights	29,800	-	-	-	29,800
Construction in progress	996,301	1,102,561	(471,373)	-	1,627,489
Total capital assets, not being depreciated	<u>2,331,158</u>	<u>1,102,561</u>	<u>(471,373)</u>	<u>-</u>	<u>2,962,346</u>
Capital assets, being depreciated:					
Buildings and plant	42,961,640	303,719	-	-	43,265,359
Distribution and collection system	62,479,233	1,102,223	(6,295)	1,384,858	64,960,019
Machinery, equipment and vehicles	3,582,847	24,071	-	-	3,606,918
Total capital assets, being depreciated	<u>109,023,720</u>	<u>1,430,013</u>	<u>(6,295)</u>	<u>1,384,858</u>	<u>111,832,296</u>
Less accumulated depreciation for:					
Buildings and plant	(10,201,346)	(1,045,859)	-	-	(11,247,205)
Distribution and collection system	(26,181,878)	(1,530,690)	3,305	-	(27,709,263)
Machinery, equipment and vehicles	(2,446,726)	(154,819)	-	-	(2,601,545)
Total accumulated depreciation	<u>(38,829,950)</u>	<u>(2,731,368)</u>	<u>3,305</u>	<u>-</u>	<u>(41,558,013)</u>
Total capital assets, being depreciated, net	<u>70,193,770</u>	<u>(1,301,355)</u>	<u>(2,990)</u>	<u>1,384,858</u>	<u>70,274,283</u>
Business-type Activities - Capital Assets, Net	<u>\$ 72,524,928</u>	<u>\$ (198,794)</u>	<u>\$ (474,363)</u>	<u>\$ 1,384,858</u>	<u>\$ 73,236,629</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The City had capital outlay and depreciation expense for the following functions:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental Activities:		
General government	\$ 1,268,107	\$ 326,768
Transportation	1,207,352	38,712
Public safety	283,930	382,563
Community development	-	3,961
Public works	4,273,397	2,180,322
Culture and recreation	438,349	948,009
Total Governmental Activities	<u>\$ 7,471,135</u>	<u>\$ 3,880,335</u>
Business-type Activities:		
Water and sewer	\$ 1,164,687	\$ 1,722,618
Electric	656,020	947,017
Airport	-	13,294
Landfill	240,494	48,439
Total Business-type Activities	<u>\$ 2,061,201</u>	<u>\$ 2,731,368</u>

The difference between fixed asset additions and capital outlay include contributed assets and projects initially capitalized and subsequently expensed.

D. Interfund Receivables, Payables, and Transfers

In 2007, Landfill Operations loaned to the Downtown Development Authority \$435,767 to acquire real property. Terms of the Interfund Loan are annual principal and interest payments beginning August 2008 through August 2027. The initial annual interest rate on this loan was fixed at 5.91%. In 2015, the fixed interest rate was reduced to 3%. At December 31, 2016, principal amount outstanding on this loan was \$279,521.

In 2012, the City's Landfill Operating and Fleet Service Funds loaned a total of \$2,000,000 to the Downtown Development Authority to pursue the construction of a parking garage within City limits. Terms of the Interfund Loan are annual principal and interest payments beginning in August 2013 through August 2027. Annual interest rates are at 1% on \$500,000 for five years, 2% on \$500,000 for ten years, and 3% on \$1,000,000 for 15 years on the various interfund loans. At December 31, 2016, principal amount outstanding to Landfill Operations totaled \$413,858, and the principal amount outstanding to the Fleet Service Fund totaled \$775,357. Interest payments made by the Downtown Development Authority to Landfill Operations and the Fleet Service Fund during 2016 totaled \$42,568.

The City had the following interfund receivables or payables as of December 31, 2016:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 47,098
Landfill Operations	-	693,376
Fleet Service Fund	-	775,356
Downtown Development	1,515,830	-
	<u>\$ 1,515,830</u>	<u>\$ 1,515,830</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers (continued)

Transfers were as follows:

<u>Fund</u>	<u>Funds Transferred In</u>	<u>Funds Transferred (Out)</u>	<u>Reason</u>
General Fund Water and Sewer	\$ 328,152		Allocated organizational costs and franchise fees
		\$ 328,152	
General Fund Electric Fund	816,106		Allocated organizational costs and franchise fees
		816,106	
General Fund Tourism Fund	20,000		Funding allocation
		20,000	
General Fund Acquisition and Improvements	1,099,995		Infrastructure needs
		1,099,995	
Downtown Development Authority General Fund Tourism Fund Street Tax Fund Bus Tax Fund Capital Projects Fund Acquisition and Improvements	55,500		Transfer of sales tax per Glenwood Meadows development agreement
		20,270	
		5,500	
		6,757	
		2,702	
		6,757	
		13,514	
Water and Sewer Capital Projects	640,000		Capital Purchases
		640,000	
Fleet Fund Water and Sewer	48,499		Capital Purchases
		48,499	
Fleet Fund Electric Fund	184,430		Capital Purchases
		184,430	
Fleet Fund Landfill Fund	5,935		Capital Purchases
		5,935	
Street Tax Fund Capital Projects	768,000		Capital Purchases
		768,000	
Fleet Fund Capital Projects	525,281		Capital Purchases
		525,281	
Emergency Services General Fund	184,214		City share of capital improvement mill levy
		184,214	
Fire and Ambulance Fund General Fund	2,508,680		Operational subsidy
		2,508,680	
	<u>\$ 7,184,792</u>	<u>\$ 7,184,792</u>	

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt

1. Revenue and General Obligation Bonds

- (a) \$4,999,017 Government Agency Bonds dated May 1, 1999, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 3.77%, payable April 1 and October 1 from 1999 through 2018. Principal on this issue matures April 1 and October 1 of each year from 1999 through 2018. This issuance is serviced by the City's Acquisition and Improvement Fund. In 2013, this debt was advance refunded by Colorado Water Resources and Power Development Authority, with estimated saving of \$141,970 to the City.
- (b) \$11,825,000 Sales and Use Tax Revenue Refunding Bonds dated March 9, 2010, bearing interest rates ranging from 2.0% to 3.4%. This offering advance refunded the City's Sales and Use Tax Revenue Bonds, Series 1999.

Bonds of this issue maturing on October 1, 2018, are subject to mandatory sinking fund requirements. The revenues derived from the 1.0% portion of the City's effective 3.7% sales and use tax are pledged for payment of bonds of this issue. The City's Acquisition and Improvement Fund will service these bonds.

- (c) \$2,085,000 Limited Tax General Obligation bonds dated February 1, 2012, with stated interest rate at 2.190%. This offering advance refunded the City's Limited Tax General Obligation Bonds, Series 2001. This issuance will be serviced by the City's General Fund. This issuance matures December 1, 2020.
- (d) \$3,070,000 Sales and Use Tax Bonds dated December 8, 2015, with stated interest rate at 2.280%. This offering will be used toward completion of construction projects related to (a) relocation of State Highway 82, (b) constructing the South Bridge project over the Roaring Fork River, or (c) constructing the 8th Street connection from Midland Avenue to downtown Glenwood Springs. The revenue derived from the City's Street Tax Fund's sales and use taxes are pledged for payment of bonds of this issue. The City's Street Tax Fund will service these bonds. This issuance matures December 1, 2026.

2. Compensated Absences

The City has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment but may not exceed 52 days. Sick pay may be accumulated to a maximum of 120 days; upon retirement, an employee's accrued sick leave may be converted to monetary payment at their current rate of pay for 100% of the amount accrued. In lieu of accruing and receiving additional sick leave, an employee who has accrued 120 days will be compensated as follows; in money at current salary or hourly rate for half of the accrued days in excess of the 120 days or in vacation leave at a ratio of 1 day for every 2 days sick leave. In lieu of overtime compensation, an employee may bank compensatory time at the rate of 1½ hours for every hour worked up to a maximum of 40 hours.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt (continued)

3. Annual Debt Service Requirements

Annual debt service requirements to maturity for governmental activities are as follows:

<u>Year Ended December 31,</u>	<u>1999 Government Agency Bonds</u>	<u>2010 Sales and Use Tax Revenue Refunding Bonds</u>	<u>2012 Limited Tax General Obligation</u>	<u>2015 Sales and Use Tax Bonds</u>	<u>Grand Total</u>
2017	\$ 357,474	\$ 1,427,638	\$ 250,915	319,296	\$ 2,355,323
2018	178,420	2,608,187	250,878	318,482	3,355,967
2019	-	-	250,730	317,554	568,284
2020	-	-	255,475	321,512	576,987
2021	-	-	-	320,242	320,242
2022 - 2026	-	-	-	1,588,056	1,588,056
Total	535,894	4,035,825	1,007,998	3,185,142	8,764,859
Less: Interest	(25,011)	(270,825)	(52,998)	(365,142)	(713,976)
Total	<u>\$ 510,883</u>	<u>\$ 3,765,000</u>	<u>\$ 955,000</u>	<u>\$ 2,820,000</u>	<u>\$ 8,050,883</u>

F. Business-Type Long-term Debt

1. Revenue and General Obligation Refunding Bonds

\$31,460,100 Water and Sewer Revenue Bonds, Series 2010, issued by Colorado Water Resources and Power Development Authority ("CWRPDA") on behalf of the City's utility enterprise, per a loan agreement dated May 1, 2010. Repayment terms are through August, 2032. The City's annual interest is 2.5%. The proceeds are to be used to construct a regional wastewater plant, lift station and upgrades to the distribution system.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Business-Type Long-term Debt (continued)

2. Annual Debt Service Requirements

The following is a summary of annual debt service requirements to maturity for business-type activities:

<u>Year Ended December 31,</u>	<u>Water and Sewer Revenue Loan</u>
2017	1,957,715
2018	1,959,168
2019	1,960,250
2020	1,959,271
2021	1,962,119
2022 - 2026	9,786,908
2027 - 2031	9,781,543
2032	1,956,173
Total	31,323,147
Less: Interest	(6,541,197)
Total	\$ 24,781,950

G. Changes in Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2016 are as follows:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
1999 Governmental Agency Bonds	\$ 852,964	\$ -	\$ (342,081)	\$ 510,883	\$ 337,158
2010 Sales and Use Tax Revenue Refunding Bonds	4,990,000	-	(1,225,000)	3,765,000	1,270,000
2012 Limited Tax General Obligation	1,185,000	-	(230,000)	955,000	230,000
2015 Sales and Use Tax Bonds	3,070,000	-	(250,000)	2,820,000	255,000
Net pension liability	332,014	23,959	-	355,973	-
Deferred amounts:					
Unamortized Issuance premium	92,349	-	(40,959)	51,390	-
Compensated Absences	1,312,305	92,625	(135,883)	1,269,047	507,617
Business-type Activities:					
Water and Sewer Revenue Loan	25,953,000	-	(1,171,050)	24,781,950	1,207,975
Landfill closure and post closure	825,228	54,726	-	879,954	-
Compensated Absences	498,669	28,810	(34,166)	493,313	197,325
Total	\$ 39,111,529	\$ 200,120	\$ (3,429,139)	\$ 35,882,510	\$ 4,005,075

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the City to perform certain closure and post-closure maintenance of the landfill site for thirty years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care are based upon an estimate of the landfill used during the year. The estimated liability for landfill closure and postclosure costs is \$717,667 and \$553,358, respectively. As of December 31, 2016, the liability for closure and postclosure is \$496,854 and \$383,100. The December 31, 2016 liability is based upon the usage (filled) of the landfill and is shown in these financial statements as an accrued liability in the Landfill Fund. It is estimated that an additional \$391,071 will be recognized as closure and postclosure care expenses between the date of the balance sheet and 2027, the date the landfill is expected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure cost, \$879,954 is based upon the estimated amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2016.

The actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to provide adequate financial resources to pay for all closure and postclosure care. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

I. Advance Refunding

The City has advance refunded several general obligation and revenue bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has not been recorded on the financial statements. The amount of defeased bonds outstanding at December 31, 2016 cannot be readily determined.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Fund Balance Disclosures

The City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

Spendable Fund Balance:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The City has restricted the following amounts:

<u>Restricted Fund Balance:</u>	
TABOR	\$ 897,897
Forfeitures	73,760
Debt Service	1,182,500
Conservation Trust	412,021
Property Tax	250,797
	<u>\$ 2,816,975</u>

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the City Council. The City's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the City's platform to review and/or make changes to each department's budget. The budget is formally presented to the City Council via an advertised public process for the review, revisions and final approval by year-end. All subsequent budget requests made during the year, after City Council approval, must be presented via a public process and again approved by the City Council. The City must take formal action through resolution to establish, modify, or rescind committed fund balance amounts. The City has committed the following fund balances:

<u>Committed Fund Balance:</u>	
Airport Rd/Housing	\$ 204,365
Tourism Fund	150,913
Street tax fund	225,906
Capital Projects Fund	522,888
	<u>\$ 1,104,072</u>

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designees. The City Manager has the authority to establish, modify, or rescind assigned fund balance to a specific department or project within a fund, as stated in the City's adopted financial policies.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Fund Balance Disclosures (continued)

Spendable Fund Balance:

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

The City's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

V. Other Information

A. Pension Plans

All City employees, except police and fire, participate in the Federal Social Security system for which the City has no liability except for amounts withheld and related statutory matching amounts. In addition, the City has established two contributory pension plans.

1. Contributory Pension Plan (IRS Section 401(k))

All full-time employees of the City are eligible to participate in the plan. Eligibility is after six months of employment with enrollment dates of the first day of each month. An employee must have six months of employment at the enrollment date. The City contributes 4% of the base pay of all eligible City employees. In addition, all eligible employees may contribute, for which the City will match up to an additional 3%. Employee contributions are fully vested and City contributions become fully vested after five years. The non-vested contributions that are forfeited are allocated to the remaining plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Newport Group. Total payroll for the year was \$11,788,261 and current year payroll for employees covered under the plan was \$9,688,047. The City's contributions were \$627,996.

2. Contributory Pension Plan (IRS Section 401(a))

All City police and fire employees are eligible to participate in this plan, in lieu of Social Security benefits. Eligibility is at the date of employment. The employee and the City contribute 7 1/2% of compensation to this plan. Employee contributions are fully vested, and the City's contributions become fully vested after five years. If the employee does not become eligible for the benefits, the forfeitures are divided among the plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Newport Group. Total payroll for the year was \$11,788,261 and current year payroll for employees covered under the plan was \$4,059,372. The City's contributions were \$304,453.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

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

1. Volunteer Firemen’s Pension Fund

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

The plan provides normal retirement benefits. The following benefit provisions were used to determine the City’s pension liability at the measurement date of December 31, 2015:

<i>Normal retirement benefit at age 50 with 20 year of service (monthly):</i>		
Regular	\$	550
<i>Vested retirement benefit:</i>		
With 10 to 20 years of service amount per year of service per minimum vesting years	\$	27.50
Minimum vesting years		10
<i>Funeral benefits (required benefit):</i>		
Funeral benefit lump sum, one time only	\$	1,000

As of January 1, 2015, the latest actuarial valuation date, there were 2 active, 20 retirees and beneficiaries and 3 terminated vested members.

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

Net Pension Liability: At December 31, 2016, the volunteer pension fund reported a net pension liability of \$355,973. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

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

1. Volunteer Firemen's Pension Fund (continued)

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

Actuarial method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	5-Year Smoothed Market
Includes inflation at	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off duty mortality. Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Tables
	All tables projected with Scale AA.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA credit rating as of the measurement date (3.65%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%.

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

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 440,384	\$ 355,973	\$ 282,809

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

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

1. Volunteer Firemen's Pension Fund (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 34,830	\$ -
Contributions subsequent to measurement date	33,105	-
	\$ 67,935	\$ -

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

Year Ended December 31,	Amortization
2017	\$ 9,019
2018	9,019
2019	9,019
2020	7,773
2021	-
thereafter	-
	\$ 34,830

C. Post-Employment Health Care Benefits

All City employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the City for premiums from the termination date of coverage and monthly thereafter. Retirees and their dependents can stay on the medical, dental and vision insurance until they are eligible for Medicare. The employee pays the total premiums for any elections. No cost to the City is recognized as employees reimburse 100% of their premium cost.

D. Cafeteria Plan

The City offers a cafeteria plan organized under IRS Sections 125 and 129. It allows employees to pay premiums for some insurances tax free, contribute to medical spending accounts and contribute to dependent care spending accounts. No cost to the City is recognized as the plan is a salary reduction plan.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. Grants

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

F. Claims

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

G. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

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

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2016.

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

H. Commitments and Contingencies

1. Lease for Operations Management at South Canyon Landfill

On June 1, 2009, the City entered into an operations management agreement (the "Agreement") with South Canyon Waste Systems LLC., to provide operations management for the City's South Canyon Landfill (the "Landfill"). The Agreement was effective as of May 1, 2009 through March 31, 2014, with provisions for four (4) additional five (5) years terms. The Agreement was amended on August 17, 2009, to provide for certain expansion work to be undertaken at the Landfill, and on May 15, 2014, to accept the first five-year extension to the lease agreement and detail scope of services and related costs. Future minimum lease payments for years subsequent to December 31, 2016 are as follows:

Year ending March 31	
2017	1,985,000
2018	1,985,000
2019	1,985,000
Total	<u><u>\$ 5,955,000</u></u>

At December 31, 2016, the City had incurred expense of \$1,985,000 under the terms of the lease agreement.

VI. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

REQUIRED SUPPLEMENTARY INFORMATION



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

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	1,420,976	1,420,976	1,304,414	(116,562)	1,295,638
Specific ownership	80,390	80,390	63,276	(17,114)	73,010
Special assessment	36,477	36,477	37,070	593	36,670
General sales tax	6,710,459	6,710,459	7,011,232	300,773	6,744,075
Use tax	136,384	136,384	184,676	48,292	125,303
Franchise tax	183,276	183,276	169,914	(13,362)	179,584
Total Taxes	<u>8,567,962</u>	<u>8,567,962</u>	<u>8,770,582</u>	<u>202,620</u>	<u>8,454,280</u>
Permits and Licenses:					
Contractors licenses	20,000	20,000	22,952	2,952	24,791
Liquor licenses	60,294	60,294	30,666	(29,628)	71,979
Dog licenses	200	200	240	40	230
Building permits	57,000	57,000	129,459	72,459	80,185
Sales tax license	30,000	30,000	35,650	5,650	86,278
Total Permits and Licenses	<u>167,494</u>	<u>167,494</u>	<u>218,967</u>	<u>51,473</u>	<u>263,463</u>
Intergovernmental:					
Cigarette tax	72,099	72,099	78,537	6,438	72,908
County road and bridge	305,344	305,344	161,737	(143,607)	318,685
County sales tax	248,465	248,465	271,915	23,450	276,684
Highway use tax	274,999	274,999	292,702	17,703	293,279
Severance tax	263,342	263,342	284,355	21,013	330,124
Grants	104,895	104,895	120,070	15,175	67,101
Total Intergovernmental	<u>1,269,144</u>	<u>1,269,144</u>	<u>1,209,316</u>	<u>(59,828)</u>	<u>1,358,781</u>
Charges and Fees:					
Plan check and record fee	90,000	90,000	84,400	(5,600)	98,406
Cemetery fees	8,000	8,000	11,625	3,625	10,344
Police fines and court fees	198,191	198,191	210,413	12,222	174,015
Parking fees and fines	39,606	39,606	51,522	11,916	43,454
Impoundment fees	4,620	4,620	4,341	(279)	5,644
Recreation fees	1,125,000	1,125,000	1,302,413	177,413	1,226,699
Park and rafting fees	49,000	49,000	50,679	1,679	51,995
Total Charges and Fees	<u>1,514,417</u>	<u>1,514,417</u>	<u>1,715,393</u>	<u>200,976</u>	<u>1,610,557</u>
Other Revenues:					
Contributions	-	-	17,100	17,100	-
Interest	15,000	15,000	26,556	11,556	20,054
Police confiscated assets	-	-	6,649	6,649	5,935
Miscellaneous	57,125	57,125	62,660	5,535	50,269
Other lease revenue	533,754	533,754	48,480	(485,274)	484,532
Overhead reimbursement	2,266,589	2,266,589	2,258,366	(8,223)	2,268,122
Other reimbursements	47,139	47,139	69,146	22,007	64,823
Total Other Revenues	<u>2,919,607</u>	<u>2,919,607</u>	<u>2,488,957</u>	<u>(430,650)</u>	<u>2,893,735</u>
Total Revenues	<u>14,438,624</u>	<u>14,438,624</u>	<u>14,403,215</u>	<u>(35,409)</u>	<u>14,580,816</u>

(continued)

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

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

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Expenditures:					
General Government:					
Administration	884,129	908,965	847,846	61,119	696,021
Personnel/purchasing	311,767	311,767	284,995	26,772	283,984
City Clerk and elections	422,157	422,157	395,504	26,653	417,282
Finance	971,670	1,055,670	1,008,553	47,117	987,153
Data processing	384,004	384,004	362,450	21,554	351,074
Judicial	247,154	247,154	211,918	35,236	224,935
Legal	294,558	314,558	305,944	8,614	495,821
Annexation costs and rebates	883,172	649,816	445,288	204,528	230,401
Total General Government	<u>4,398,611</u>	<u>4,294,091</u>	<u>3,862,498</u>	<u>431,593</u>	<u>3,686,671</u>
Public Safety:					
Police department	3,712,682	3,712,682	3,461,025	251,657	3,275,518
Total Public Safety	<u>3,712,682</u>	<u>3,712,682</u>	<u>3,461,025</u>	<u>251,657</u>	<u>3,275,518</u>
Community Development:					
Administration/planning	944,372	1,019,592	813,782	205,810	501,307
Building inspector	265,099	265,099	203,415	61,684	276,263
Total Community Development	<u>1,209,471</u>	<u>1,284,691</u>	<u>1,017,197</u>	<u>267,494</u>	<u>777,570</u>
Public Works:					
Administration/engineering	661,502	661,502	598,686	62,816	477,402
Streets, alleys, snow removal	1,107,076	1,156,576	1,102,086	54,490	978,192
Total Public Works	<u>1,768,578</u>	<u>1,818,078</u>	<u>1,700,772</u>	<u>117,306</u>	<u>1,455,594</u>
Culture and Recreation:					
Recreation	2,378,195	2,378,195	2,321,626	56,569	2,245,397
Parks and cemetery	1,181,314	1,181,314	1,132,088	49,226	1,072,368
Total Culture and Recreation	<u>3,559,509</u>	<u>3,559,509</u>	<u>3,453,714</u>	<u>105,795</u>	<u>3,317,765</u>
Debt Service:					
Principal on bonded debt	230,000	230,000	230,000	-	225,000
Interest on bonded debt	25,952	25,952	25,952	-	30,815
Total Debt Service	<u>255,952</u>	<u>255,952</u>	<u>255,952</u>	<u>-</u>	<u>255,815</u>
Total Expenditures	<u>14,904,803</u>	<u>14,925,003</u>	<u>13,751,158</u>	<u>1,173,845</u>	<u>12,768,933</u>
Excess (Deficiency) of Revenues Over Expenditures	(466,179)	(486,379)	652,057	1,138,436	1,811,883
Other Financing Sources (Uses):					
Transfers in	2,829,583	2,829,583	2,264,253	(565,330)	2,147,460
Transfers (out)	(2,830,334)	(2,830,334)	(2,713,164)	117,170	(2,584,103)
Total Other Financing Sources (Uses)	<u>(751)</u>	<u>(751)</u>	<u>(448,911)</u>	<u>(448,160)</u>	<u>(436,643)</u>
Net Change in Fund Balance	(466,930)	(487,130)	203,146	690,276	1,375,240
Fund Balance - Beginning of Year	<u>5,267,645</u>	<u>5,267,645</u>	<u>6,607,489</u>	<u>1,339,844</u>	<u>5,232,249</u>
Fund Balance - End of Year	<u>4,800,715</u>	<u>4,780,515</u>	<u>6,810,635</u>	<u>2,030,120</u>	<u>6,607,489</u>

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

City of Glenwood Springs, Colorado
Fire and Ambulance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
Grants and awards	37,143	83,917	46,774	24,000
Charges for Services:				
Permits	10,000	17,350	7,350	9,905
Ambulance fees	972,351	1,026,918	54,567	900,281
Other:				
Interest income	5	166	161	-
Miscellaneous	-	132	132	4,646
Total Revenues	<u>1,019,499</u>	<u>1,128,483</u>	<u>108,984</u>	<u>938,832</u>
Expenditures:				
Public Safety:				
Emergency services	<u>3,657,243</u>	<u>3,515,867</u>	<u>141,376</u>	<u>3,388,733</u>
Total Expenditures	<u>3,657,243</u>	<u>3,515,867</u>	<u>141,376</u>	<u>3,388,733</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,637,744)	(2,387,384)	250,360	(2,449,901)
Other Financing Sources (Uses):				
Transfer in	<u>2,625,680</u>	<u>2,508,680</u>	<u>(117,000)</u>	<u>2,378,669</u>
Total Other Financing Sources (Uses)	<u>2,625,680</u>	<u>2,508,680</u>	<u>(117,000)</u>	<u>2,378,669</u>
Net Change in Fund Balance	(12,064)	121,296	133,360	(71,232)
Fund Balance (Deficit) - Beginning of Year	<u>29,792</u>	<u>(71,232)</u>	<u>(101,024)</u>	<u>-</u>
Fund Balance (Deficit)- End of Year	<u><u>17,728</u></u>	<u><u>50,064</u></u>	<u><u>32,336</u></u>	<u><u>(71,232)</u></u>

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

City of Glenwood Springs, Colorado
Downtown Development Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	72,937	72,937	53,083	(19,854)	48,970
Sales taxes	407,919	407,919	478,325	70,406	370,835
Intergovernmental:					
Grants	-	-	25,000	25,000	-
Other:					
Interest income	4,500	4,500	5,471	971	2,536
Total Revenues	<u>485,356</u>	<u>485,356</u>	<u>561,879</u>	<u>76,523</u>	<u>422,341</u>
Expenditures:					
General Government:					
Capital outlay	378,000	719,662	703,569	16,093	248,957
Other	184,422	362,760	339,581	23,179	90,173
Debt service:					
Interest	42,568	42,568	42,568	-	47,076
Total Expenditures	<u>604,990</u>	<u>1,124,990</u>	<u>1,085,718</u>	<u>39,272</u>	<u>386,206</u>
Excess (Deficiency) of Revenues Over Expenditures	(119,634)	(639,634)	(523,839)	115,795	36,135
Other Financing Sources (Uses):					
Interfund repayments	266,612	266,612	236,612	(30,000)	(243,275)
Transfer in	50,000	50,000	55,500	5,500	50,005
Total Other Financing Sources (Uses)	<u>316,612</u>	<u>316,612</u>	<u>292,112</u>	<u>(24,500)</u>	<u>(193,270)</u>
Net Change in Fund Balance - Budget Basis	<u>196,978</u>	<u>(323,022)</u>	(231,727)	<u>91,295</u>	(157,135)
Reconciliation to GAAP Basis:					
Adjustments:					
Interfund loan repayments			(236,612)		243,275
Net Income - GAAP Basis			(468,339)		86,140
Fund Balance (Deficit) - Beginning of Year			(457,661)		(543,801)
Fund Balance (Deficit) - End of Year			<u>(926,000)</u>		<u>(457,661)</u>

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

City of Glenwood Springs, Colorado
Street Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
General sales tax	2,236,792	2,236,792	2,337,049	100,257	2,247,997
Use tax	44,595	44,595	61,558	16,963	41,767
Other:					
Miscellaneous income	10,500	10,500	71,080	60,580	17,041
Interest income	10,000	10,000	25,461	15,461	10,811
Total Revenues	<u>2,301,887</u>	<u>2,301,887</u>	<u>2,495,148</u>	<u>193,261</u>	<u>2,317,616</u>
Expenditures:					
Transportation:					
TDM contract	5,000	5,000	-	5,000	-
Transit program	8,745,026	9,429,113	6,367,986	3,061,127	1,485,891
Other expenses	255,382	255,382	271,269	(15,887)	386,722
Total Transportation	<u>9,005,408</u>	<u>9,689,495</u>	<u>6,639,255</u>	<u>3,050,240</u>	<u>1,872,613</u>
Debt Service:					
Principal payment	-	250,000	250,000	-	-
Interest payment	-	65,913	65,913	-	-
Total Expenditures	<u>9,005,408</u>	<u>10,005,408</u>	<u>6,955,168</u>	<u>3,050,240</u>	<u>1,872,613</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,703,521)	(7,703,521)	(4,460,020)	3,243,501	445,003
Other Financing Sources (Uses):					
Bond Proceeds	3,000,000	3,000,000	-	(3,000,000)	3,070,000
Intergovernmental awards	2,220,621	2,220,621	611,956	(1,608,665)	165,408
Transfers in	-	-	768,000	768,000	-
Transfers (out)	(6,757)	(6,757)	(6,757)	-	(6,752)
Total Other Financing Sources (Uses)	<u>5,213,864</u>	<u>5,213,864</u>	<u>1,373,199</u>	<u>(3,840,665)</u>	<u>3,228,656</u>
Net Change in Fund Balance	(1,489,657)	(2,489,657)	(3,086,821)	(597,164)	3,673,659
Fund Balance - Beginning of Year	<u>2,079,674</u>	<u>2,079,674</u>	<u>5,978,834</u>	<u>3,899,160</u>	<u>2,305,175</u>
Fund Balance - End of Year	<u>590,017</u>	<u>(409,983)</u>	<u>2,892,013</u>	<u>3,301,996</u>	<u>5,978,834</u>

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

**City of Glenwood Springs
Schedule of Employer's Net Pension Liability
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 1,995	\$ 3,072
Interest on the Total Pension Liability	75,406	81,959
Benefit Changes	-	47,785
Difference between Expected and Actual Experience	-	(110,697)
Benefit Payments	<u>(109,923)</u>	<u>(108,045)</u>
Net Change in Total Pension Liability	(32,522)	(85,926)
Total Pension Liability - Beginning	<u>1,058,399</u>	<u>1,144,325</u>
Total Pension Liability - Ending (a)	<u><u>\$ 1,025,878</u></u>	<u><u>\$ 1,058,399</u></u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 24,749	\$ 24,749
Pension Plan Net Investment Income	13,061	47,208
Benefit Payments	(109,923)	(108,045)
Pension Plan Administrative Expense	(3,268)	(1,335)
State of Colorado supplemental discretionary payment	<u>18,900</u>	<u>18,900</u>
Net Change in Plan Fiduciary Net Position	(56,481)	(18,523)
Plan Fiduciary Net Position - Beginning	<u>726,385</u>	<u>744,908</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 669,905</u></u>	<u><u>\$ 726,385</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 355,973</u></u>	<u><u>\$ 332,014</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 65.30%	 68.63%

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

Notes to the Schedule of Employer's Net Pension Liability for the year ended December 31, 2016:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

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

**City of Glenwood Springs
Schedule of Employer Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 43,649	\$ 43,649	\$ 39,900
Actual contribution, including State of Colorado discretionary payment	<u>(43,649)</u>	<u>(43,649)</u>	<u>(39,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Notes to the Schedule of Employer Contributions for the Year Ended December 31, 2016

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

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

No changes during the years presented above.

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

SUPPLEMENTARY INFORMATION



City of Glenwood Springs, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Taxes:				
Sales tax	2,236,792	2,337,049	100,257	2,247,997
Use tax	44,594	61,558	16,964	41,767
Total Taxes	<u>2,281,386</u>	<u>2,398,607</u>	<u>117,221</u>	<u>2,289,764</u>
Intergovernmental:				
Grants	-	19,547	19,547	-
Fees and Charges:				
Park land fees	-	76,557	76,557	13,668
Other:				
Interest income	5,000	23,946	18,946	18,247
Other income	4,355	11,298	6,943	6,963
Total Other	<u>9,355</u>	<u>35,244</u>	<u>25,889</u>	<u>25,210</u>
Total Revenues	<u>2,290,741</u>	<u>2,529,955</u>	<u>239,214</u>	<u>2,328,642</u>
Expenditures:				
Public Works:				
Water projects	446,961	88,789	358,172	-
Work activities team	448,732	409,752	38,980	305,312
Sewer improvements	62,150	94,968	(32,818)	126,603
Other expenditures	493,954	176,959	316,995	310,306
Total Public Works	<u>1,451,797</u>	<u>770,468</u>	<u>681,329</u>	<u>742,221</u>
Total Expenditures	<u>1,451,797</u>	<u>770,468</u>	<u>681,329</u>	<u>742,221</u>
Excess (Deficiency) of Revenues Over Expenditures	838,944	1,759,487	920,543	1,586,421
Other Financing Sources (Uses):				
Transfers in	-	-	-	295,396
Transfers (out)	(1,172,038)	(1,940,038)	(768,000)	(1,057,082)
Total Other Financing Sources (Uses)	<u>(1,172,038)</u>	<u>(1,940,038)</u>	<u>(768,000)</u>	<u>(761,686)</u>
Net Change in Fund Balance	(333,094)	(180,551)	152,543	824,735
Fund Balance - Beginning of Year	<u>4,329,392</u>	<u>4,880,689</u>	<u>551,297</u>	<u>4,055,954</u>
Fund Balance - End of Year	<u>3,996,298</u>	<u>4,700,138</u>	<u>703,840</u>	<u>4,880,689</u>

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

City of Glenwood Springs, Colorado
Acquisition and Improvement fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General sales tax	4,473,584	4,473,584	4,674,097	200,513	4,495,994
Use tax	89,188	89,188	123,116	33,928	83,534
Total Taxes	<u>4,562,772</u>	<u>4,562,772</u>	<u>4,797,213</u>	<u>234,441</u>	<u>4,579,528</u>
Other:					
Interest income	35,000	35,000	46,358	11,358	42,372
Donations	-	-	800	800	775
Other income	8,108	8,108	22,596	14,488	13,436
Total Other	<u>43,108</u>	<u>43,108</u>	<u>69,754</u>	<u>26,646</u>	<u>56,583</u>
Total Revenues	<u>4,605,880</u>	<u>4,605,880</u>	<u>4,866,967</u>	<u>261,087</u>	<u>4,636,111</u>
Expenditures:					
General Government:					
General and administrative	478,966	515,630	503,054	12,576	466,799
Bond fees	-	200	36,439	(36,239)	41,438
Total General Government	<u>478,966</u>	<u>515,830</u>	<u>539,493</u>	<u>(23,663)</u>	<u>508,237</u>
Culture and Recreation:					
Frontier Historical Museum	-	-	5,447	(5,447)	1,320
River trail system	50,000	50,000	36,084	13,916	34,990
Other projects	300,000	1,073,741	813,883	259,858	266,084
Total Culture and Recreation	<u>350,000</u>	<u>1,123,741</u>	<u>855,414</u>	<u>268,327</u>	<u>302,394</u>
Public Works:					
Streets and sidewalks	142,000	73,394	31,116	42,278	20,113
Other projects	1,032,788	370,789	376,200	(5,411)	290,943
Total Public Works	<u>1,174,788</u>	<u>444,183</u>	<u>407,316</u>	<u>36,867</u>	<u>311,056</u>
Debt Service:					
Principal - 1999 Sales and Use Tax bonds	1,225,000	1,225,000	1,225,000	-	1,195,000
Interest - 1999 Sales and Use Tax bonds	194,388	194,388	194,388	-	230,238
Principal - 1999 Government Agency bonds	323,910	323,910	318,410	5,500	310,414
Interest - 1999 Government Agency bonds	30,739	30,739	-	30,739	12,171
Total Debt Service	<u>1,774,037</u>	<u>1,774,037</u>	<u>1,737,798</u>	<u>36,239</u>	<u>1,747,823</u>
Total Expenditures	<u>3,777,791</u>	<u>3,857,791</u>	<u>3,540,021</u>	<u>317,770</u>	<u>2,869,510</u>
Excess (Deficiency) of Revenues Over Expenditures	828,089	748,089	1,326,946	578,857	1,766,601
Transfers (out)	(1,668,839)	(1,668,839)	(1,113,509)	555,330	(1,032,216)
Total Other Financing Sources (Uses)	<u>(1,668,839)</u>	<u>(1,668,839)</u>	<u>(1,113,509)</u>	<u>555,330</u>	<u>(1,032,216)</u>
Net Change in Fund Balance	(840,750)	(920,750)	213,437	1,134,187	734,385
Fund Balance - Beginning of Year	<u>4,474,957</u>	<u>4,474,957</u>	<u>5,209,342</u>	<u>734,385</u>	<u>4,474,957</u>
Fund Balance - End of Year	<u>3,634,207</u>	<u>3,554,207</u>	<u>5,422,779</u>	<u>1,868,572</u>	<u>5,209,342</u>

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

City of Glenwood Springs, Colorado
Combining Balance Sheets
Non-major Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue Funds</u>				<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
Assets:							
Cash and investments - Unrestricted	549,497	62,822	411,956	780,247	(461)	1,721,527	3,525,588
Taxes receivable	65,357	-	-	102,652	39,077	-	207,086
Accounts receivable, net of allowance	-	-	-	2,048	-	-	2,048
Interest receivable	173	-	65	-	-	2,940	3,178
Prepaid items	-	-	-	4,065	-	-	4,065
Total Assets	<u>615,027</u>	<u>62,822</u>	<u>412,021</u>	<u>889,012</u>	<u>38,616</u>	<u>1,724,467</u>	<u>3,741,965</u>
Liabilities and Fund Balance:							
Liabilities:							
Accounts payable	10,869	-	-	188,274	1,852	8,884	209,879
Total Liabilities	<u>10,869</u>	<u>-</u>	<u>-</u>	<u>188,274</u>	<u>1,852</u>	<u>8,884</u>	<u>209,879</u>
Deferred Inflows of Resources:							
Property taxes	-	-	-	-	38,892	-	38,892
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,892</u>	<u>-</u>	<u>38,892</u>
Fund Balances:							
Nonspendable	-	-	-	4,065	-	-	4,065
Restricted	-	-	412,021	-	-	-	412,021
Committed	150,913	-	-	-	-	-	150,913
Assigned	453,245	62,822	-	696,673	-	1,715,583	2,928,323
Unassigned	-	-	-	-	(2,128)	-	(2,128)
Total Fund Balance	<u>604,158</u>	<u>62,822</u>	<u>412,021</u>	<u>700,738</u>	<u>(2,128)</u>	<u>1,715,583</u>	<u>3,493,194</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>615,027</u>	<u>62,822</u>	<u>412,021</u>	<u>889,012</u>	<u>38,616</u>	<u>1,724,467</u>	<u>3,741,965</u>

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

City of Glenwood Springs, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds				Capital Projects Funds		Totals
	Tourism Fund	V.A.L.E. Fund	Conservation Trust Fund	Bus Tax Fund	General Improvement District No. 1980	Emergency Services Equipment Replacement	
Revenues:							
Taxes	1,032,987	-	-	959,371	39,859	-	2,032,217
Intergovernmental	-	-	109,956	249,627	-	65,430	425,013
Charges for services	-	42,670	-	113,130	-	-	155,800
Interest income	1,390	878	857	1,009	154	6,182	10,470
Other	-	-	2,500	5,027	-	109,413	116,940
Total Revenues	<u>1,034,377</u>	<u>43,548</u>	<u>113,313</u>	<u>1,328,164</u>	<u>40,013</u>	<u>181,025</u>	<u>2,740,440</u>
Expenditures:							
General governmental	-	42,874	-	-	39,841	-	82,715
Transportation	-	-	-	1,204,329	-	-	1,204,329
Public safety	-	-	-	-	-	284,520	284,520
Community and economic development	1,076,801	-	-	-	-	-	1,076,801
Culture and recreation	-	-	46,132	-	-	-	46,132
Total Expenditures	<u>1,076,801</u>	<u>42,874</u>	<u>46,132</u>	<u>1,204,329</u>	<u>39,841</u>	<u>284,520</u>	<u>2,694,497</u>
Excess (Deficiency) of Revenues Over Expenditures	(42,424)	674	67,181	123,835	172	(103,495)	45,943
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	184,214	184,214
Transfers (out)	(25,500)	-	-	(2,702)	-	-	(28,202)
Total Other Financing Sources (Uses)	<u>(25,500)</u>	<u>-</u>	<u>-</u>	<u>(2,702)</u>	<u>-</u>	<u>184,214</u>	<u>156,012</u>
Net Change in Fund Balance	(67,924)	674	67,181	121,133	172	80,719	201,955
Fund Balance (Deficit) - Beginning of Year	<u>672,082</u>	<u>62,148</u>	<u>344,840</u>	<u>579,605</u>	<u>(2,300)</u>	<u>1,634,864</u>	<u>3,291,239</u>
Fund Balance (Deficit) - End of Year	<u>604,158</u>	<u>62,822</u>	<u>412,021</u>	<u>700,738</u>	<u>(2,128)</u>	<u>1,715,583</u>	<u>3,493,194</u>

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

City of Glenwood Springs, Colorado
Tourism Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
Accommodations tax	932,736	932,736	1,032,987	100,251	965,502
Other:					
Interest income	1,261	1,261	1,390	129	1,094
Total Revenues	<u>933,997</u>	<u>933,997</u>	<u>1,034,377</u>	<u>100,380</u>	<u>966,596</u>
Expenditures:					
Economic Development:					
Salary and benefits	163,358	163,358	163,358	-	158,600
Administrative	21,032	21,032	21,032	-	20,532
Consulting services	30,000	30,000	23,174	6,826	36,157
Visitor services	100,000	100,000	100,000	-	100,000
Public relations	40,000	40,000	39,935	65	35,999
Printing and distribution (brochures, postcards, etc.)	479,400	480,400	488,088	(7,688)	370,203
Database and internet marketing	2,500	2,500	2,500	-	22,313
Advertising and promotion	90,725	173,725	141,140	32,585	96,397
Travel and booth expenses	30,550	30,550	28,673	1,877	19,172
Research and tracking	-	57,500	57,500	-	-
Special event	6,000	11,000	9,180	1,820	8,974
Other expenses	-	-	2,221	(2,221)	1,316
Total Expenditures	<u>963,565</u>	<u>1,110,065</u>	<u>1,076,801</u>	<u>33,264</u>	<u>869,663</u>
Excess (Deficiency) of Revenues Over Expenditures	(29,568)	(176,068)	(42,424)	133,644	96,933
Other Financing Sources (Uses):					
Transfers (out)	-	(20,000)	(25,500)	(5,500)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,000)</u>	<u>(25,500)</u>	<u>(5,500)</u>	<u>-</u>
Net Change in Fund Balance	(29,568)	(196,068)	(67,924)	128,144	96,933
Fund Balance - Beginning of Year	<u>568,771</u>	<u>568,771</u>	<u>672,082</u>	<u>103,311</u>	<u>575,149</u>
Fund Balance - End of Year	<u><u>539,203</u></u>	<u><u>372,703</u></u>	<u><u>604,158</u></u>	<u><u>231,455</u></u>	<u><u>672,082</u></u>

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

City of Glenwood Springs, Colorado
V.A.L.E. Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Charges for Services:				
Assessments	37,000	42,670	5,670	36,949
Other:				
Interest income	1,000	878	(122)	876
Total Revenues	38,000	43,548	5,548	37,825
Expenditures:				
General Government:				
Victim/witness assistance	40,000	42,821	(2,821)	57,870
Training	500	-	500	-
Professional fees	500	-	500	-
Office supplies	500	53	447	101
Capital Outlay:				
Police equipment	15,000	-	15,000	4,404
Total Expenditures	56,500	42,874	13,626	62,375
Net Change in Fund Balance	(18,500)	674	19,174	(24,550)
Fund Balance - Beginning of Year	63,199	62,148	(1,051)	86,698
Fund Balance - End of Year	44,699	62,822	18,123	62,148

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

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

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
Colorado Lottery	95,000	109,956	14,956	94,765
Other:				
Other income	-	2,500	2,500	1,090
Interest income	779	857	78	1,062
Total Other	<u>779</u>	<u>3,357</u>	<u>2,578</u>	<u>2,152</u>
Total Revenues	<u>95,779</u>	<u>113,313</u>	<u>17,534</u>	<u>96,917</u>
Expenditures:				
Culture and Recreation:				
Ice rink mechanical and structural	-	-	-	19,647
Master plan	60,000	20,000	40,000	-
Park improvement and equipment	25,000	13,116	11,884	14,211
Whitewater park	5,000	-	5,000	-
Other projects	12,500	13,016	(516)	12,328
Total Expenditures	<u>102,500</u>	<u>46,132</u>	<u>56,368</u>	<u>46,186</u>
Net Change in Fund Balance	(6,721)	67,181	73,902	50,731
Fund Balance - Beginning of Year	<u>281,167</u>	<u>344,840</u>	<u>63,673</u>	<u>294,109</u>
Fund Balance - End of Year	<u><u>274,446</u></u>	<u><u>412,021</u></u>	<u><u>137,575</u></u>	<u><u>344,840</u></u>

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

City of Glenwood Springs, Colorado
Bus Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
General sales tax	894,650	934,750	40,100	899,132
Use tax	17,837	24,621	6,784	16,706
Intergovernmental:				
Grants and awards	278,170	249,627	(28,543)	242,714
Charges for Services:				
Bus fares	119,550	103,983	(15,567)	112,760
Advertising fees	6,500	9,147	2,647	7,936
Other:				
Interest income	960	1,009	49	1,013
Miscellaneous	1,500	5,027	3,527	17,960
Total Revenues	1,319,167	1,328,164	8,997	1,298,221
Expenditures:				
Transportation:				
Fixed labor	335,366	340,705	(5,339)	316,313
Direct labor	357,625	347,561	10,064	334,758
Employee bus pass	1,500	957	543	-
Direct mileage cost	213,780	193,101	20,679	200,112
Training	44,878	58,013	(13,135)	41,546
Transit operations	40,000	40	39,960	-
Other	257,463	263,952	(6,489)	258,341
Total Expenditures	1,250,612	1,204,329	46,283	1,151,070
Excess (Deficiency) of Revenues Over Expenditures	68,555	123,835	55,280	147,151
Other Financing Sources (Uses):				
Transfer (out)	(2,702)	(2,702)	-	(2,707)
Total Other Financing Sources (Uses)	(2,702)	(2,702)	-	(2,707)
Net Change in Fund Balance	65,853	121,133	55,280	144,444
Fund Balance - Beginning of Year	457,320	579,605	122,285	435,161
Fund Balance - End of Year	523,173	700,738	177,565	579,605

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

City of Glenwood Springs, Colorado
General Improvement District No. 1980
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Taxes:				
Property taxes	37,491	37,972	481	36,618
Specific ownership taxes	2,200	1,887	(313)	2,106
Total Taxes	<u>39,691</u>	<u>39,859</u>	<u>168</u>	<u>38,724</u>
Other:				
Interest income	150	154	4	90
Total Revenues	<u>39,841</u>	<u>40,013</u>	<u>172</u>	<u>38,814</u>
Expenditures:				
General Government:				
Miscellaneous and treasurer's fees	750	763	(13)	734
Other	39,091	39,078	13	52,920
Total Expenditures	<u>39,841</u>	<u>39,841</u>	<u>-</u>	<u>53,654</u>
Net Change in Fund Balance	-	172	172	(14,840)
Fund Balance (Deficit) - Beginning of Year	<u>12,539</u>	<u>(2,300)</u>	<u>(14,839)</u>	<u>12,540</u>
Fund Balance (Deficit) - End of Year	<u><u>12,539</u></u>	<u><u>(2,128)</u></u>	<u><u>(14,667)</u></u>	<u><u>(2,300)</u></u>

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

City of Glenwood Springs, Colorado
Emergency Services Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Rural Fire District contribution	65,616	65,430	(186)	64,929
Interest income	4,500	6,182	1,682	5,813
Impact fees	15,000	109,413	94,413	17,605
Total Revenues	<u>85,116</u>	<u>181,025</u>	<u>95,909</u>	<u>88,347</u>
Expenditures:				
Public Safety:				
Equipment purchases	411,000	284,520	126,480	137,369
Total Expenditures	<u>411,000</u>	<u>284,520</u>	<u>126,480</u>	<u>137,369</u>
Excess (Deficiency) of Revenues Over Expenditures	(325,884)	(103,495)	222,389	(49,022)
Other Financing Sources (Uses):				
Intergovernmental awards	-	-	-	23,674
Transfer in	184,384	184,214	(170)	185,158
Total Other Financing Sources	<u>184,384</u>	<u>184,214</u>	<u>(170)</u>	<u>208,832</u>
Net Change in Fund Balance	(141,500)	80,719	222,219	159,810
Fund Balance - Beginning of Year	<u>1,526,012</u>	<u>1,634,864</u>	<u>108,852</u>	<u>1,475,054</u>
Fund Balance - End of Year	<u><u>1,384,512</u></u>	<u><u>1,715,583</u></u>	<u><u>331,071</u></u>	<u><u>1,634,864</u></u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Water and Sewer Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges and Fees:					
Water user fees	2,659,977	2,659,977	2,739,169	79,192	2,654,202
Sewer user fees	3,219,488	3,219,488	3,296,838	77,350	3,199,758
Water connection fees	500	500	-	(500)	300
Sewer connection fees	500	500	-	(500)	150
Meter sales	4,262	4,262	13,693	9,431	5,245
Other	8,912	8,912	4,928	(3,984)	8,376
Water improvement fees	58,920	58,920	128,265	69,345	39,732
Sewer improvement fees	48,735	48,735	440,950	392,215	67,534
Total Operating Revenues	<u>6,001,294</u>	<u>6,001,294</u>	<u>6,623,843</u>	<u>622,549</u>	<u>5,975,297</u>
Operating Expenses:					
Administration	769,892	769,892	750,883	19,009	722,294
Water plant operation	617,105	643,105	633,671	9,434	622,779
Water transmission and distribution	553,371	553,371	391,833	161,538	351,382
Wastewater plant operation	903,664	903,664	790,271	113,393	657,573
Wastewater collection and transmission	345,553	345,553	315,851	29,702	331,247
Customer service	185,428	185,428	165,890	19,538	166,687
Depreciation	1,928,832	1,902,832	1,722,618	180,214	1,740,385
Capital outlay	1,382,900	1,612,900	1,164,687	448,213	48,384
Debt service - Principal	1,171,050	1,171,050	1,171,050	-	1,144,675
Total Operating Expenses	<u>7,857,795</u>	<u>8,087,795</u>	<u>7,106,754</u>	<u>981,041</u>	<u>5,785,406</u>
Operating Income (Loss) - Budget Basis	<u>(1,856,501)</u>	<u>(2,086,501)</u>	<u>(482,911)</u>	<u>1,603,590</u>	<u>189,891</u>
Non-Operating Revenues (Expenses):					
Investment income	33,928	33,928	39,995	6,067	38,570
Intergovernmental awards	-	-	4,560	4,560	440
Interest expense	(784,982)	(784,982)	(770,298)	14,684	(799,375)
Total Non-Operating Revenues (Expenses):	<u>(751,054)</u>	<u>(751,054)</u>	<u>(725,743)</u>	<u>25,311</u>	<u>(760,365)</u>
Transfers in	640,000	640,000	640,000	-	800,000
Transfers (out)	(376,651)	(376,651)	(376,651)	-	(623,548)
Change in Net Position - Budget Basis	<u>(2,344,206)</u>	<u>(2,574,206)</u>	<u>(945,305)</u>	<u>1,628,901</u>	<u>(394,022)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital contributions			1,384,858	-	-
Debt service - Principal			1,171,050	-	1,144,675
Capital outlay			1,164,687	-	48,384
Total Adjustments			<u>3,720,595</u>	-	<u>1,193,059</u>
Net Income - GAAP Basis			<u>2,775,290</u>	-	<u>799,037</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Electric System Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>			<u>2015</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Operating Revenues:					
Charges and fees:					
Commercial	9,517,629	9,517,629	9,205,820	(311,809)	9,166,745
Residential	3,836,101	3,836,101	3,943,575	107,474	3,737,372
Municipal	131,962	131,962	121,224	(10,738)	123,261
Security lights	13,283	13,283	12,990	(293)	12,870
Service connect fees	12,084	12,084	12,870	786	13,485
Other	512,171	512,171	759,454	247,283	516,372
Total Operating Revenues	<u>14,023,230</u>	<u>14,023,230</u>	<u>14,055,933</u>	<u>32,703</u>	<u>13,570,105</u>
Expenses:					
Purchased power	9,424,485	9,424,485	9,475,085	(50,600)	9,421,152
Maintenance - Distribution	1,512,601	1,577,601	1,344,478	233,123	1,277,582
Customer accounts	361,299	368,299	385,088	(16,789)	358,834
General and administrative	1,054,776	982,776	855,049	127,727	889,762
Capital improvements	6,400,000	6,400,000	656,020	5,743,980	316,042
Depreciation	1,082,786	1,061,616	947,017	114,599	925,102
Total Operating Expenses	<u>19,835,947</u>	<u>19,814,777</u>	<u>13,662,737</u>	<u>6,152,040</u>	<u>13,188,474</u>
Operating Income (Loss) Budget Basis	(5,812,717)	(5,791,547)	393,196	6,184,743	381,631
Non-Operating Revenues (Expenses):					
Gain (loss) on disposition of assets	(11,420)	(11,420)	(1,623)	9,797	(64)
Investment income	17,642	17,642	26,890	9,248	15,102
Interest expense	(200)	(200)	(137)	63	(134)
Total Non-Operating Revenues (Expenses):	<u>6,022</u>	<u>6,022</u>	<u>25,130</u>	<u>19,108</u>	<u>14,904</u>
Capital contributions	400,000	400,000	42,561	(357,439)	102,846
Transfers (out)	(979,366)	(1,000,536)	(1,000,536)	-	(978,733)
Change in Net Position - Budget Basis	<u>(6,386,061)</u>	<u>(6,386,061)</u>	<u>(539,649)</u>	<u>5,846,412</u>	<u>(479,352)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			656,020		316,042
Total Adjustments			<u>656,020</u>		<u>316,042</u>
Net Income - GAAP Basis			<u>116,371</u>		<u>(163,310)</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Airport Operations Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>		<u>2015</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Rentals:				
Airport/land lease	25,440	27,700	2,260	26,950
Hanger lease	1,060	-	(1,060)	-
Charges and fees:				
Annual user fees	2,820	1,920	(900)	3,160
Long-term tie downs	6,800	8,680	1,880	5,210
Transient tie downs	800	665	(135)	1,624
Fuel sales	108,671	108,470	(201)	106,628
Other income	50	-	(50)	120
Intergovernmental:				
State fuel tax refund	500	624	124	608
Total Operating Revenues	<u>146,141</u>	<u>148,059</u>	<u>1,918</u>	<u>144,300</u>
Operating Expenses:				
Administration	27,270	24,439	2,831	25,498
Operations	128,966	98,133	30,833	102,898
Capital outlay	100,000	-	100,000	676,039
Depreciation	26,075	13,294	12,781	4,844
Total Expenses	<u>282,311</u>	<u>135,866</u>	<u>146,445</u>	<u>809,279</u>
Operating Income (Loss) - Budget Basis	(136,170)	12,193	148,363	(664,979)
Non-Operating Revenues (Expenses):				
Investment income	80	107	27	81
Intergovernmental awards	80,000	-	(80,000)	329,216
Total Non-Operating Revenues	<u>80,080</u>	<u>107</u>	<u>(79,973)</u>	<u>329,297</u>
Change in Net Position - Budget Basis	<u>(56,090)</u>	<u>12,300</u>	<u>68,390</u>	<u>(335,682)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay		-		676,039
Total Adjustments		<u>-</u>		<u>676,039</u>
Net Income - GAAP Basis		<u>12,300</u>		<u>340,357</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Landfill Operations Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Operating Revenues:				
Disposal fees	2,332,180	1,720,946	(611,234)	1,928,168
Composting fees	769,200	605,650	(163,550)	611,328
Other income	51,550	9,260	(42,290)	25,687
Total Operating Revenues	<u>3,152,930</u>	<u>2,335,856</u>	<u>(817,074)</u>	<u>2,565,183</u>
Operating Expenses:				
Personnel costs	303,533	274,555	28,978	263,860
Operating costs	2,964,500	2,754,934	209,566	2,663,282
Composting fees	20,000	2,249	17,751	-
Utilities	6,100	6,086	14	5,042
Insurance	55,400	50,143	5,257	50,127
Allocated costs	172,151	172,151	-	172,235
Landfill compliance costs	69,767	54,726	15,041	51,174
Depreciation	49,672	48,439	1,233	23,029
Capital outlay	575,000	240,494	334,506	520,701
Total Operating Expenses	<u>4,216,123</u>	<u>3,603,777</u>	<u>612,346</u>	<u>3,749,450</u>
Operating Income (Loss) Budget Basis	(1,063,193)	(1,267,921)	(204,728)	(1,184,267)
Non-Operating Revenues (Expenses):				
Interest income	65,000	58,327	(6,673)	53,583
Gain (loss) on disposition of asset	8,000	-	(8,000)	-
Transfers (out)	(5,935)	(5,935)	-	(5,935)
Total Non-Operating Revenues (Expenses)	<u>67,065</u>	<u>52,392</u>	<u>(14,673)</u>	<u>47,648</u>
Change in Net Position - Budget Basis	<u>(996,128)</u>	<u>(1,215,529)</u>	<u>(219,401)</u>	<u>(1,136,619)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay		240,494		520,701
Total Adjustments		<u>240,494</u>		<u>520,701</u>
Net Income - GAAP Basis		<u>(975,035)</u>		<u>(615,918)</u>

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

City of Glenwood Springs, Colorado
Internal Service Funds
Fleet Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges and fees	1,489,010	1,489,010	595,055	(893,955)	427,592
Other operating revenue	2,500	2,500	69,357	66,857	780
Total Operating Revenues	<u>1,491,510</u>	<u>1,491,510</u>	<u>664,412</u>	<u>(827,098)</u>	<u>428,372</u>
Expenses:					
General government:					
Operations	1,820,632	2,578,082	764,410	1,813,672	834,639
Depreciation	438,234	438,234	430,858	7,376	447,013
Capital outlay	-	-	1,076,334	(1,076,334)	187,675
Total Operating Expenses	<u>2,258,866</u>	<u>3,016,316</u>	<u>2,271,602</u>	<u>744,714</u>	<u>1,469,327</u>
Operating Income (Loss) - Budget Basis	(767,356)	(1,524,806)	(1,607,190)	(82,384)	(1,040,955)
Non-Operating Revenues (Expenses):					
Investment income	46,585	46,585	44,032	(2,553)	50,050
Operating grants and contributions	-	-	-	-	90,000
Sale of asset	40,152	40,152	25,424	(14,728)	33,754
Transfers in	764,145	764,145	764,145	-	434,388
Transfers (out)	(60,000)	(60,000)	-	60,000	-
Total Non-Operating Revenues (Expenses)	<u>790,882</u>	<u>790,882</u>	<u>833,601</u>	<u>42,719</u>	<u>608,192</u>
Change in Net Position - Budget Basis	<u>23,526</u>	<u>(733,924)</u>	<u>(773,589)</u>	<u>(39,665)</u>	<u>(432,763)</u>
Reconciliation to GAAP Basis:					
Capital outlay			1,076,334		187,675
Operating Income (Loss) - GAAP Basis			<u>302,745</u>		<u>(245,088)</u>
Net Position - Beginning of Year			<u>5,116,849</u>		<u>5,361,937</u>
Net Position - End of Year			<u>5,419,594</u>		<u>5,116,849</u>

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

City of Glenwood Springs, Colorado
Fiduciary Funds
Cemetery Reserve Fund
Schedule of Changes in Fiduciary Net Position
Budget (GAAP) Basis and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for December 31, 2015)

	2016			2015
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Additions:				
Perpetual care fees	1,000	2,250	1,250	1,750
Interest income	50	48	(2)	64
Total Additions	<u>1,050</u>	<u>2,298</u>	<u>1,248</u>	<u>1,814</u>
Deductions:				
Cemetery maintenance	1,000	-	1,000	-
Total Deductions	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Change in Net Position	50	2,298	2,248	1,814
Net Position - Beginning of Year	<u>35,403</u>	<u>37,168</u>	<u>1,765</u>	<u>35,354</u>
Net Position - End of Year	<u><u>35,453</u></u>	<u><u>39,466</u></u>	<u><u>4,013</u></u>	<u><u>37,168</u></u>

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

ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES AND STREETS



Calendar Year 2016

LOCAL HIGHWAY FINANCE REPORT

COUNTY/CITY:Glenwood Springs

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	2,340,561.00
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00
		<hr/>
SubTotal:	\$	
B. Private Contributions	\$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	2,412,206.00
2. Infrastructure and Impact Fees:	\$	61,369.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	63,276.00
		<hr/>
Total: <i>(a + b) carried to 'Other local imposts' above)</i>	\$	

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	25,461.00
b. Traffic fines & Penalties:	\$	154,748.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	51,522.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	506.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
		<hr/>
Total: <i>(a through h) carried to 'Misc local receipts' above)</i>	\$	

C. Receipts from State Government

1. Highway User Taxes:	\$	292,702.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	37,070.00
d. Other:		
Comments: Federal Earmark - 27th St	\$	246,056.00
e. Other:		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

A. Local highway disbursements

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$	
2. Maintenance:	\$	1,024,813.00
3. Road and street services		
a. Traffic control operations:	\$	93,290.00
b. Snow and ice removal:	\$	128,304.00
c. Other:	\$	0.00
4. General administration & miscellaneous	\$	149,672.00
5. Highway law enforcement and safety	\$	1,120,817.00
Total: (A.1-5)	\$	

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	90,375.00
b. Redemption	\$	404,157.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
	SubTotal: (1+2)	\$
C. Payments to State for Highways:	\$	2,000,000.00
D. Payments to Toll Facilities:	\$	0.00
	Total Disbursements: (A+B+C+D)	\$

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$
b. Engineering Costs:	\$ 5,954.00	\$ 604,620.00	\$
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$
3. System Preservation:	\$ 0.00	\$ 7,490.00	\$
4. System Enhancement:	\$ 55,985.00	\$ 0.00	\$
5. Total Construction:			\$
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$

IV. LOCAL HIGHWAY DEBT STATUS

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 3,699,974.00	\$ 0.00	\$ 404,157.00	\$
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 5,685,477.00	\$ 5,685,477.00	\$ 0.00	\$ 0.00

Notes & Comments:
undefined

Date Submitted: