

cPa **DIXON, WALLER & CO., INC.**

CITY OF TRINIDAD, COLORADO

REPORT ON EXAMINATION

DECEMBER 31, 2013

DIXON, WALLER & CO., INC.

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REPORT ON EXAMINATION
December 31, 2013

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

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 the City of Trinidad, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend data on pages i through ix, 37 through 41 and page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trinidad's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Aiton, Waller & Co., Inc.

Trinidad, Colorado
June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Trinidad's (the City) financial performance provides an annual overview of the City's financial activities for the fiscal year ended December 31, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2013 by \$56,551,217(Net Position). Of this amount, \$13,987,081 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2013, the City's Governmental Funds reported combined ending fund balances of \$6,903,104. Approximately 50% of this total amount or 3,450,593 is unassigned.
- The General Fund, presented on a current financial resources basis, reports a Fund Balance of \$4,166,203 at the end of the current fiscal year, or (48%) of total General Fund expenditures.
- The City's total bond, and note debt was \$2,217,156 at the close of 2013.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the City's Net Position changed during 2013. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

The City does not have any component units.

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

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the

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

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

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

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit or 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 basic fiduciary fund financial statements are presented later in this report.

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

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

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets exceeded liabilities by \$56,551,217 at the close of 2013 as compared to \$56,433,091 at the close of 2012.

The largest portion of the City's Net Position (63%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position at December 31, 2013.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current & Other Assets	\$ 7,112,220	\$ 7,272,321	\$ 17,747,639	\$ 17,415,240	\$ 24,859,859	\$ 24,687,561
Capital Assets	22,482,442	21,884,133	18,491,780	19,333,468	40,974,222	41,217,601
Total Assets	29,594,662	29,156,454	36,239,419	36,748,708	65,834,081	65,905,162
Deferred Outflows	-	-	63,946	-	63,946	-
Long-term Liabilities	4,240,996	4,295,107	3,004,342	2,478,299	7,245,338	6,773,406
Other Liabilities	361,590	398,664	1,858,008	1,975,785	2,219,598	2,374,449
Total Liabilities	4,602,586	4,693,771	4,862,350	4,454,084	9,464,936	9,147,855
Deferred Inflows	-	-	-	206,090	-	206,090
Net Position:						
Invested in Capital Assets, net of related debt	22,482,442	21,792,695	15,986,851	17,207,750	38,469,293	39,000,445
Restricted	2,709,823	3,205,950	353,121	357,741	3,062,944	3,563,691
Unrestricted	(200,189)	(535,962)	15,101,043	14,523,043	14,900,854	13,987,081
Total Net Position	\$ 24,992,076	\$ 24,462,683	\$ 31,441,015	\$ 32,088,534	\$ 56,433,091	\$ 56,551,217

The City's combined Net Position was \$56,551,217 at December 31, 2013 of which \$13,987,081 was unrestricted. However, certain of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The Net Position of our business-type activities was \$32,088,534 at December 31, 2013. The Net Position is used to finance the continuing operations of the utilities.

The following table shows revenues and expenses (Changes in Net Position) for both governmental and business-type activities for 2013.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 647,076	\$ 580,241	\$ 16,336,774	\$ 15,702,516	\$ 16,983,850	\$ 16,282,757
Operating Capital Grants & Contributions	79,215	110,045	211,998	544,037	291,213	654,082
General Revenues:						
Property Taxes	1,162,175	1,177,298	-	-	1,162,175	1,177,298
Other Taxes	5,705,638	5,493,269	-	-	5,705,638	5,493,269
Intergovernmental Restricted	410,265	406,437	-	-	410,265	406,437
Intergovernmental not Restricted	430,216	349,631	-	-	430,216	349,631
Other Revenues	369,744	288,979	-	-	369,744	288,979
Investment Earnings	27,038	22,039	109,910	97,246	136,948	119,285
Total Revenues	8,831,367	8,427,939	16,658,682	16,343,799	25,490,049	24,771,738
Expenses:						
General Government	2,615,940	2,325,802	-	-	2,615,940	2,325,802
Public Safety	3,661,993	3,827,967	-	-	3,661,993	3,827,967
Public Works	2,500,930	2,543,908	-	-	2,500,930	2,543,908
Culture and Recreation	1,435,240	1,479,316	-	-	1,435,240	1,479,316
Community Projects	122,363	16,764	-	-	122,363	16,764
Interest on Long-term Debt	1,520	4,155	-	-	1,520	4,155
Business-type	-	-	14,739,950	14,455,700	14,739,950	14,455,700
Total Expenses	10,337,986	10,197,912	14,739,950	14,455,700	25,077,936	24,653,612
Increase in Net Position before Transfers	(1,506,619)	(1,769,973)	1,918,732	1,888,099	412,113	118,126
Transfers	958,548	1,240,580	(958,548)	(1,240,580)	-	-
Increase in Net Position	(548,071)	(529,393)	960,184	647,519	412,113	118,126
Net Position - January 1	25,540,147	24,992,076	30,480,831	31,441,015	56,020,978	56,433,091
Net Position - December 31	\$ 24,992,076	\$ 24,462,683	\$ 31,441,015	\$ 32,088,534	\$ 56,433,091	\$ 56,551,217

Total City revenue was \$24.77 million and the total cost of all programs and services was \$24.65 million.

Governmental Activities. Revenues for governmental activities decreased in 2013 to \$8.43 million, a decrease of \$0.40 million from 2012 and expenses of \$10.2 million, a decrease of \$0.14 million from 2012.

Business-type Activities. Operating revenues for business-type activities decreased in 2013 to \$15.70 million, a decrease of \$0.64 million from 2012 and expenses of \$14.46 million, a decrease of \$0.28 million from 2012.

Financial Analysis of the Government Funds

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

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

As of the end of 2013, the City's Governmental Funds reported total combined fund balances of \$6,903,104, of which approximately 46% (\$3,205,950) is restricted for Tabor Emergency Reserve, Landfill, Parks and Recreation, and Capital Projects. Of the reserve fund balance, 2.5% is assigned to Tourism Promotion and the Library.

The General Fund is the chief operating fund of the City. At the end of 2013, the unassigned fund balance of the General Fund was \$3,450,493 while total fund balance was \$4,166,203. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 40% of total General Fund expenditures, while total fund balance represents 48% of that same amount.

The fund balance for the City's General Fund decreased by \$439,996 in 2013. The decrease was due primarily to a decline in sales tax and property tax.

Proprietary Funds - The City's Proprietary Funds provide the same type of information found in the Government-wide financial statements, but in more detail. Unrestricted Net Position as of December 31, 2013 for the Proprietary Funds was as follows:

	Unrestricted Net Position		
	2012	2013	Variance
Gas Utilities	\$ 2,886,467	\$ 3,498,295	\$ 611,828
Electric Utilities	2,485,058	2,135,399	(349,659)
Water Utilities	9,934,905	8,981,187	(953,718)
Sewer Utilities	(205,387)	(91,838)	113,549
Total	<u>\$ 15,101,043</u>	<u>\$ 14,523,043</u>	<u>\$ (578,000)</u>

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

Budgetary Highlights

Original appropriation ordinance totaled \$34,337,302, an increase of \$1,136,714 over 2012. During the year the budget was revised to \$34,320,606 or a decrease of \$16,696. General Fund Revenue totals were \$967,047 under the approved 2013 budget. Expenditures for General Fund were \$1,158,609 under the 2013 approved budget.

Capital Assets and Debt Administration

Capital Assets

At the end of 2013, the City had \$41,217,601 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$0.24 million from 2012. \$4.6 million or 11% of the total amount of the net capital assets represents the retroactive recording of infrastructure assets capitalized from 1980 to 2002.

	Capital Assets Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land, Equity, Water Rights	\$ 534,790	\$ 549,661	\$ 2,200,487	\$ 2,171,916	\$ 2,735,277	\$ 2,721,577
Infrastructure	14,820,674	14,495,133	-	-	14,820,674	14,495,133
Buildings & Systems	5,737,039	5,588,422	15,467,785	14,936,359	21,204,824	20,524,781
Construction in Progress	-	-	513,645	1,863,777	513,645	1,863,777
Equipment & Vehicles	1,389,939	1,250,917	309,863	361,416	1,699,802	1,612,333
Total Net Capital Assets	<u>\$ 22,482,442</u>	<u>\$21,884,133</u>	<u>\$ 18,491,780</u>	<u>\$ 19,333,468</u>	<u>\$ 40,974,222</u>	<u>\$ 41,217,601</u>

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

The following schedule reflects the debt outstanding at the end of the 2013 year.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Landfill Closure/Postclosure	\$ 3,258,096	\$ 3,319,421	\$ -	\$ -	\$ 3,258,096	\$ 3,319,421
Lease Purchases	119,899	91,438	-	-	119,899	91,438
Compensated Absences	805,895	744,158	878,624	742,474	1,684,519	1,486,632
Net Pension Obligation	177,005	169,537	-	-	177,005	169,537
Revenue Bonds	-	-	2,504,929	2,125,718	2,504,929	2,125,718
Total Debt	\$ 4,360,895	\$ 4,324,554	\$ 3,383,553	\$ 2,868,192	\$ 7,744,448	\$ 7,192,746

Net decrease in debt for 2013 was \$551,702. Debt due within one year is \$419,340. Additional information on the City's debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

Local Economy – The City of Trinidad is the major gateway into Colorado from the south Interstate 25 corridor. Trinidad is the major city and major shopping destination within the county as Trinidad services the surrounding area for their health care, education, arts and entertainment and retail activities. Trinidad State Junior College has facilities located within the City providing excellent higher education opportunities.

Retail sales tax revenue, a key indicator of the area consumer spending is the primary source of income for the City. Trinidad's sales tax is generated from a variety of business categories including auto sales, tourism, grocery stores, repair shops and other various retail outlets. The City recorded a 5.1% decrease in sales tax revenue for 2013 as compared to 2012. We expect sales tax revenue to remain flat for 2014.

The decline of methane gas drilling in the county is continuing to have a negative impact on the local economy as many of the gas industry employees residing in the City have been transferred out of the state to retain employment. The economy is further challenged by the loss of jobs due to the shutdown of the New Elk coal mine. As a result, severance tax revenue is expected to decline and Trinidad's unemployment rate of 9% is expected to remain above the state average. The City's 2012 population of 8,771 has decreased by 325 since 2010.

Though the City is again being cautious with spending and carefully monitoring discretionary purchases throughout this economic turmoil, the City continues to be optimistic about the future. Through June 2014 sales and lodging taxes have remained steady compared to 2013 and significant new businesses are preparing to open in late 2014 or early 2015.

Fiscal year 2014 Budget

In December of 2013, the City adopted the 2014 annual operating budget, which provided \$36,595,259 in appropriations. This budget anticipated a slight decrease in sales tax and property tax. Operating expenditures were held at or slightly below 2013 levels. Major capital expenditures were planned for water utility and road infrastructure. The local economy continues to struggle from the economic turndown. High unemployment rates and decreases in consumer spending have affected the sales and use tax revenue adversely.

Request for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
December 31, 2013

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	6,188,058	12,133,026	18,321,084
Receivables (Net, where Applicable, of Allowance for Uncollectibles):			
Accounts, Grants & Notes	177,377	1,241,489	1,418,866
Assessments and Contracts	-	113,338	113,338
Sales & Use Taxes	832,367	-	832,367
Accrued Interest	-	-	-
Due To/From Other Funds	-	-	-
Inventories	23,419	782,886	806,305
Prepaid Expenses	51,100	-	51,100
Restricted Assets:			
Cash	-	3,144,501	3,144,501
Fixed Assets (Net)	21,884,133	19,333,468	41,217,601
<u>Total Assets</u>	<u>29,156,454</u>	<u>36,748,708</u>	<u>65,905,162</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Purchased Natural Gas Adjustment	-	-	-
<u>LIABILITIES</u>			
Accrued Interest Payable	-	43,886	43,886
Lease Payable	-	-	-
Accounts Payable	69,104	1,165,500	1,234,604
Accrued Wages & Benefits Payable	139,190	64,506	203,696
Other Liabilities	160,923	-	160,923
Liabilities Payable from Restricted Assets	-	-	-
Meter Deposits Payable	-	312,000	312,000
Noncurrent Liabilities:			
Due Within One Year	29,447	389,893	419,340
Due in More than One Year	61,991	1,735,825	1,797,816
Landfill Closure and Post-Closure Cost	3,319,421	-	3,319,421
Net Pension Obligation	169,537	-	169,537
Accrued Vacation & Sick Leave Payable	744,158	742,474	1,486,632
<u>Total Liabilities</u>	<u>4,693,771</u>	<u>4,454,084</u>	<u>9,147,855</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Purchased Natural Gas Adjustment	-	206,090	206,090
<u>NET POSITION</u>			
Net Investment in Capital Assets	21,792,695	17,207,750	39,000,445
Restricted for:			
Capital Projects	2,560,931	-	2,560,931
Debt Service	-	357,741	357,741
Parks and Recreation	137,749	-	137,749
Landfill	125,632	-	125,632
Tabor Reserve	360,025	-	360,025
Parkland Dedication	21,613	-	21,613
Unrestricted	(535,962)	14,523,043	13,987,081
<u>Total Net Position</u>	<u>24,462,683</u>	<u>32,088,534</u>	<u>56,551,217</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	2,325,802	-	38,950	-	(2,286,852)	-	(2,286,852)
Public Safety	3,827,967	250,676	39,708	-	(3,537,583)	-	(3,537,583)
Public Works	2,543,908	271,983	-	-	(2,271,925)	-	(2,271,925)
Parks & Recreation	1,479,316	57,582	-	-	(1,421,734)	-	(1,421,734)
Community Projects	16,764	-	-	31,387	14,623	-	14,623
Interest on Long Term Debt	4,155	-	-	-	(4,155)	-	(4,155)
Total Governmental Activities	10,197,912	580,241	78,658	31,387	(9,507,626)	-	(9,507,626)
Business Type Activities							
Gas	3,577,679	4,579,858	-	-	-	1,002,179	1,002,179
Power & Light	7,522,204	7,640,322	-	-	-	118,118	118,118
Water	1,853,707	2,192,990	-	531,037	-	870,320	870,320
Sewer	1,502,110	1,289,346	-	13,000	-	(199,764)	(199,764)
Total Business Type Activities	14,455,700	15,702,516	-	544,037	-	1,790,853	1,790,853
Total Primary Government	24,653,612	16,282,757	78,658	575,424	(9,507,626)	1,790,853	(7,716,773)
General Revenues:							
					1,177,298	-	1,177,298
					294,295	-	294,295
					5,099,545	-	5,099,545
					99,429	-	99,429
					77,299	-	77,299
					406,437	-	406,437
					349,631	-	349,631
					22,039	97,246	119,285
					211,680	-	211,680
					<u>1,240,580</u>	<u>(1,240,580)</u>	<u>-</u>
					8,978,233	(1,143,334)	7,834,899
Change in Net Position					(529,393)	647,519	118,126
Net Position – Beginning					<u>24,992,076</u>	<u>31,441,015</u>	<u>56,433,091</u>
Net Position – Ending					<u>24,462,683</u>	<u>32,088,534</u>	<u>56,551,217</u>

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

CITY OF TRINIDAD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>				
Cash	3,616,386	2,368,101	203,571	6,188,058
Receivables (Net, of Allowance Where Applicable)				
Accounts, Grants, Notes	134,182	43,195	-	177,377
Accrued Interest	-	-	-	-
Sales & Use Taxes	600,623	196,278	35,466	832,367
Due From Other Funds	53,354	-	-	53,354
Inventories at Cost	23,419	-	-	23,419
Cash – Restricted	-	-	-	-
Prepaid Expense and Deposits	51,100	-	-	51,100
<u>Total Assets</u>	<u>4,479,064</u>	<u>2,607,574</u>	<u>239,037</u>	<u>7,325,675</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>Liabilities:</u>				
Accounts Payable	49,666	9,725	9,713	69,104
Accrued Salaries & Benefits	139,190	-	-	139,190
Due To Other Funds	-	-	53,354	53,354
Other Payables	102,228	-	-	102,228
Unearned Revenue:				
Grants	21,777	-	-	21,777
Other	-	36,918	-	36,918
<u>Total Liabilities</u>	<u>312,861</u>	<u>46,643</u>	<u>63,067</u>	<u>422,571</u>
<u>Fund Balances:</u>				
<u>Nonspendable:</u>				
Inventories	23,419	-	-	23,419
Prepaid Expense	51,100	-	-	51,100
<u>Restricted:</u>				
Emergencies	360,025	-	-	360,025
Capital Outlay	-	2,560,931	-	2,560,931
Parks and Recreation	-	-	137,749	137,749
Landfill	125,632	-	-	125,632
Parkland Dedication	21,613	-	-	21,613
<u>Committed:</u>				
<u>Assigned:</u>				
Tourism Promotion	-	-	38,221	38,221
Library	133,921	-	-	133,921
Unassigned:	3,450,493	-	-	3,450,493
<u>Total Fund Balances</u>	<u>4,166,203</u>	<u>2,560,931</u>	<u>175,970</u>	<u>6,903,104</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>4,479,064</u>	<u>2,607,574</u>	<u>239,037</u>	<u>7,325,675</u>

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

CITY OF TRINIDAD, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013

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

<u>Total Fund Balance – Governmental Funds</u>		\$ 6,903,104
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$45,622,380 and the accumulated depreciation is \$23,738,247.		21,884,133
Long-term liabilities, including leases, landfill closure and post-closure costs and net pension obligation are not due and payable in the current period and therefore are not reported in funds.		
Lease Payable	\$ 91,438	
Landfill Closure and Post-Closure Costs	3,319,421	
Net Pension Obligation	<u>169,537</u>	
	\$ <u>3,580,396</u>	(3,580,396)
Compensated absences are not reported as a liability in the funds.		<u>(744,158)</u>
<u>Total Net Position – Governmental Activities</u>		\$ <u>24,462,683</u>

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

CITY OF TRINIDAD, COLORADO
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>				
Taxes	5,340,848	1,149,770	179,949	6,670,567
Licenses and Permits	77,299	-	-	77,299
Intergovernmental Revenues	629,912	31,387	94,769	756,068
Charges for Services	580,241	-	-	580,241
Fines and Forfeits	52,722	-	-	52,722
Miscellaneous Revenues	<u>229,848</u>	<u>7,706</u>	<u>178</u>	<u>237,732</u>
<u>Total Revenues</u>	<u>6,910,870</u>	<u>1,188,863</u>	<u>274,896</u>	<u>8,374,629</u>
<u>EXPENDITURES:</u>				
General Government	2,148,858	-	192,479	2,341,337
Public Safety	3,770,474	-	-	3,770,474
Public Works	1,720,501	-	-	1,720,501
Park and Recreation	951,613	-	104,908	1,056,521
Capital Projects	-	<u>693,801</u>	-	<u>693,801</u>
<u>Total Expenditures</u>	<u>8,591,446</u>	<u>693,801</u>	<u>297,387</u>	<u>9,582,634</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(1,680,576)</u>	<u>495,062</u>	<u>(22,491)</u>	<u>(1,208,005)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	1,240,580	-	-	1,240,580
Transfers Out	-	-	-	-
Proceeds of Capital Lease	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>1,240,580</u>	<u>-</u>	<u>-</u>	<u>1,240,580</u>
Net Change in Fund Balances	(439,996)	495,062	(22,491)	32,575
<u>FUND BALANCES – Beginning</u>	<u>4,606,199</u>	<u>2,065,869</u>	<u>198,461</u>	<u>6,870,529</u>
<u>FUND BALANCES - Ending</u>	<u>4,166,203</u>	<u>2,560,931</u>	<u>175,970</u>	<u>6,903,104</u>

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

CITY OF TRINIDAD, COLORADO
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2013

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

Net Change in Fund Balances – Total Governmental Funds \$ 32,575

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 (\$5,000 for infrastructure) are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital outlays more than \$500 (\$5,000)	\$ 815,688	
	Depreciation expense	(1,413,997)	(598,309)

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

	Repayment of debt principal	28,461	
	Interest expense	-	
	Amortization expense	-	28,461

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. 61,737

In the statement of activities landfill closure costs are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, landfill closure cost increased by this amount. (61,325)

In the statement of activities net pension obligations are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, net pension obligation decreased by this amount. 7,468

Change in Net Position of Governmental Activities \$ (529,393)

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	<u>Business Type Activities – Enterprise Funds</u>				<u>Totals</u>
	<u>Gas Fund</u>	<u>Power Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash	3,693,639	1,730,011	6,709,376	-	12,133,026
Receivables:					
Accounts	412,871	577,871	159,449	91,298	1,241,489
Assessments/Contracts	-	-	113,338	-	113,338
Interest	-	-	-	-	-
Inventories	91,840	436,992	241,525	12,529	782,886
Due from Other Funds	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<u>Total Current Assets</u>	<u>4,198,350</u>	<u>2,744,874</u>	<u>7,223,688</u>	<u>103,827</u>	<u>14,270,739</u>
<u>Non Current Assets</u>					
<u>Restricted</u>					
Cash	304,428	418,050	2,064,282	357,741	3,144,501
Due from Other Funds	-	-	-	-	-
<u>Total Restricted Assets</u>	<u>304,428</u>	<u>418,050</u>	<u>2,064,282</u>	<u>357,741</u>	<u>3,144,501</u>
<u>Property, Plant and Equipment</u>					
Equity ARPA	-	571,432	-	-	571,432
Land and Water Rights	9,412	21,047	1,423,255	146,770	1,600,484
Buildings & Improvements	936,788	4,748,159	1,862,889	7,459,623	15,007,459
Utility System	1,245,561	1,148,688	16,741,318	3,050,971	22,186,538
Equipment	626,702	1,121,528	837,218	845,270	3,430,718
Construction in Progress	-	-	1,863,777	-	1,863,777
Less Accumulated Depreciation	<u>(2,067,824)</u>	<u>(6,413,341)</u>	<u>(12,160,700)</u>	<u>(4,685,075)</u>	<u>(25,326,940)</u>
<u>Net Property, Plant & Equipment</u>	<u>750,639</u>	<u>1,197,513</u>	<u>10,567,757</u>	<u>6,817,559</u>	<u>19,333,468</u>
<u>TOTAL ASSETS</u>	<u>5,253,417</u>	<u>4,360,437</u>	<u>19,855,727</u>	<u>7,279,127</u>	<u>36,748,708</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Purchased Natural Gas Adjustment	-	-	-	-	-

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	<u>Business Type Activities – Enterprise Funds</u>				<u>Totals</u>
	<u>Gas Fund</u>	<u>Power Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>LIABILITIES</u>					
<u>Current Liabilities</u>					
Accounts Payable	449,165	571,360	134,383	10,592	1,165,500
Accrued Interest Payable	-	-	-	-	-
Accrued Wages & Benefits Payable	12,240	21,700	17,412	13,154	64,506
Deferred Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Note Payable - Current	-	-	-	389,893	389,893
Lease Payable	-	-	-	-	-
<u>Total Current Liabilities</u>	<u>461,405</u>	<u>593,060</u>	<u>151,795</u>	<u>413,639</u>	<u>1,619,899</u>
<u>Current Liabilities Payable from Restricted Assets</u>					
Meter Deposits Payable	165,902	122,628	23,470	-	312,000
Interest Payable	-	-	-	43,886	43,886
Due to Other Funds	-	-	-	-	-
<u>Total Restricted Liabilities</u>	<u>165,902</u>	<u>122,628</u>	<u>23,470</u>	<u>43,886</u>	<u>355,886</u>
<u>Noncurrent Liabilities</u>					
Accrued Vacation & Sick Leave Payable	171,086	311,837	131,518	128,033	742,474
Note Payable	-	-	-	1,735,825	1,735,825
<u>Total Long-Term Liabilities</u>	<u>171,086</u>	<u>311,837</u>	<u>131,518</u>	<u>1,863,858</u>	<u>2,478,299</u>
<u>TOTAL LIABILITIES</u>	<u>798,393</u>	<u>1,027,525</u>	<u>306,783</u>	<u>2,321,383</u>	<u>4,454,084</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
Purchased Natural Gas Adjustment	206,090	-	-	-	206,090
<u>NET POSITION</u>					
Net Investment in Capital Assets Restricted for Debt Service	750,639	1,197,513	10,567,757	4,691,841	17,207,750
	-	-	-	357,741	357,741
Unrestricted	3,498,295	2,135,399	8,981,187	(91,838)	14,523,043
<u>TOTAL NET POSITION</u>	<u>4,248,934</u>	<u>3,332,912</u>	<u>19,548,944</u>	<u>4,957,744</u>	<u>32,088,534</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business Type Activities – Enterprise Funds				Totals
	Gas Fund	Power Fund	Water Fund	Sewer Fund	
<u>Operating Revenues</u>					
Charges for Services	4,540,771	7,611,195	2,140,846	1,285,435	15,578,247
Other	39,087	29,127	52,144	3,911	124,269
<u>Total Operating Revenues</u>	<u>4,579,858</u>	<u>7,640,322</u>	<u>2,192,990</u>	<u>1,289,346</u>	<u>15,702,516</u>
<u>Operating Expenses</u>					
Personal Services	586,960	1,097,902	832,593	628,349	3,145,804
Purchased Services	54,225	403,271	219,307	44,968	721,771
Supplies and Materials	3,872	8,887	4,902	28,998	46,659
Power & Utilities	2,788,962	5,735,135	279,724	301,338	9,105,159
Maintenance and Repair	62,758	115,321	200,914	123,787	502,780
Depreciation/Amortization	38,898	89,087	302,284	249,883	680,152
Bad Debts	42,004	72,601	13,983	12,915	141,503
Other	-	-	-	-	-
<u>Total Operating Expenses</u>	<u>3,577,679</u>	<u>7,522,204</u>	<u>1,853,707</u>	<u>1,390,238</u>	<u>14,343,828</u>
<u>Operating Income (Loss)</u>	<u>1,002,179</u>	<u>118,118</u>	<u>339,283</u>	<u>(100,892)</u>	<u>1,358,688</u>
<u>Non-Operating Revenues (Expenses)</u>					
Contributions-Construction	-	-	-	13,000	13,000
Grants	-	-	531,037	-	531,037
Interest Revenue	12,695	21,706	58,225	4,620	97,246
Interest Expense	-	-	-	(111,872)	(111,872)
<u>Total Non-Operating Revenues Expenses</u>	<u>12,695</u>	<u>21,706</u>	<u>589,262</u>	<u>(94,252)</u>	<u>529,411</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>1,014,874</u>	<u>139,824</u>	<u>928,545</u>	<u>(195,144)</u>	<u>1,888,099</u>
Operating Transfers In(Out)(Net)	(431,310)	(560,070)	(713,444)	464,244	(1,240,580)
<u>Change in Net Position</u>	<u>583,564</u>	<u>(420,246)</u>	<u>215,101</u>	<u>269,100</u>	<u>647,519</u>
<u>TOTAL NET POSITION, Beginning</u>	<u>3,665,370</u>	<u>3,753,158</u>	<u>19,333,843</u>	<u>4,688,644</u>	<u>31,441,015</u>
<u>TOTAL NET POSITION, Ending</u>	<u>4,248,934</u>	<u>3,332,912</u>	<u>19,548,944</u>	<u>4,957,744</u>	<u>32,088,534</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business Type Activities – Enterprise Funds				
	Gas Fund	Power Fund	Water Fund	Sewer Fund	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from Customers & Users	4,864,698	7,622,712	2,190,768	1,286,398	15,964,576
Payments to Employees & Benefit Providers	(595,363)	(1,168,645)	(877,147)	(641,809)	(3,282,964)
Payments to Vendors – Supplies and Services	(2,883,979)	(6,039,878)	(517,153)	(604,471)	(10,045,481)
<u>NET CASH PROVIDED BY OPERATIONS</u>	<u>1,385,356</u>	<u>414,189</u>	<u>796,468</u>	<u>40,118</u>	<u>2,636,131</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Transfers – Other Funds	(431,310)	(560,070)	(713,444)	464,244	(1,240,580)
Customer Deposits	-	-	-	-	-
<u>NET CASH PROVIDED (USED) – NON CAPITAL FINANCING</u>	<u>(431,310)</u>	<u>(560,070)</u>	<u>(713,444)</u>	<u>464,244</u>	<u>(1,240,580)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Non-Financed Purchase of Property & Equipment	(10,634)	(18,500)	(1,471,104)	(21,603)	(1,521,841)
Disposition of Equipment	-	-	-	-	-
Grant Revenues	-	-	531,037	-	531,037
Contributions to Construction	-	-	-	13,000	13,000
Interest Paid on Debt	-	-	-	(116,548)	(116,548)
Principal Paid on Debt	-	-	-	(379,211)	(379,211)
<u>NET CASH PROVIDED (USED) – CAPITAL FINANCING</u>	<u>(10,634)</u>	<u>(18,500)</u>	<u>(940,067)</u>	<u>(504,362)</u>	<u>(1,473,563)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Received	14,933	22,948	63,645	4,620	106,146
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>958,345</u>	<u>(141,433)</u>	<u>(793,398)</u>	<u>4,620</u>	<u>28,134</u>
<u>CASH AND CASH EQUIVALENTS – Beginning</u>	<u>3,039,722</u>	<u>2,289,494</u>	<u>9,567,056</u>	<u>353,121</u>	<u>15,249,393</u>
<u>CASH AND CASH EQUIVALENTS – Ending</u>	<u>3,998,067</u>	<u>2,148,061</u>	<u>8,773,658</u>	<u>357,741</u>	<u>15,277,527</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS</u>					
Operating Income (Loss)	1,002,179	118,118	339,283	(100,892)	1,358,688
Non Cash Items in Operations:					
Amortization/Depreciation Expense	38,898	89,087	302,284	249,883	680,152
Bad Debts	42,004	72,601	13,983	12,915	141,503
(Increase) Decrease in Due From	-	-	-	-	-
(Increase) Decrease in Inventory	(4,058)	28,736	456	885	26,019
(Increase) Decrease Receivables/Accruals	13,419	(19,930)	108,979	(2,948)	99,520
(Increase) Decrease Prepaid Expense	-	192,971	-	-	192,971
Increase (Decrease) in Payables/Accruals	22,878	(67,394)	31,483	(11,346)	(24,379)
Increase (Decrease) in Due To	-	-	-	(108,379)	(108,379)
Increase (Decrease) in Deferred Revenue	270,036	-	-	-	270,036
<u>NET CASH PROVIDED (USED) BY OPERATIONS</u>	<u>1,385,356</u>	<u>414,189</u>	<u>796,468</u>	<u>40,118</u>	<u>2,636,131</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	<u>Pension Trust Funds</u>
<u>ASSETS</u>	
Cash	-
Investments Restricted	718,652
Accrued Interest Receivable	-
Accounts Receivable	-
<u>Total Assets</u>	<u>718,652</u>
 <u>LIABILITIES</u>	
Deposits Held for Others	-
Due to Other Funds	-
Accounts Payable/Accrued Wages	-
<u>Total Liabilities</u>	<u>-</u>
 <u>NET POSITION</u>	
<u>Net Position - Held in Trust</u>	<u>718,652</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2013

	<u>Pension Trust Funds</u>
<u>ADDITIONS</u>	
City and Employee Contributions	82,210
Investment Earnings	58,075
Net Increase in the Fair Value of Investments	<u>46,664</u>
<u>Total Additions</u>	<u>186,949</u>
 <u>DEDUCTIONS</u>	
Net Decrease in Fair Value of Investments	-
Realized Loss on Investments	-
Pension Payments & Fees	<u>155,385</u>
<u>Total Deductions</u>	<u>155,385</u>
 Changes in Net Position	 31,564
 Net Position Held in Trust for Pension Benefits:	
Net Position – Beginning of Year	<u>687,088</u>
Net Position – End of Year	<u>718,652</u>

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Reporting Entity

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

The reporting entity, for financial purposes, is defined as the primary government (the City of Trinidad) and its component units. The City has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

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

B. Government – Wide and Fund Financial Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

The *pension trust funds* account for the assets held in trustee capacity for individuals of the Fire and Police Departments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Ordinances require the City to adjust customers' gas bills for changes between estimated and actual costs of gas purchased. An over-recovery of \$206,089 for purchased natural gas adjustment was recorded at December 31, 2013.

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

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

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

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 (\$5,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

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

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

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

E. Budgets and Budgetary Accounting

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

1. Prior to October 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Revisions were made in 2013.
5. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for Enterprise Funds are on a non GAAP basis.

F. Encumbrances

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

G. Inventory

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Property Taxes

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

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

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

J. Contraband

There were no contraband proceeds for the year ended December 31, 2013.

K. Use of Estimates

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

L. Deposits and Investments

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

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Due To/From Funds

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

N. Long-Term Obligations

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

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

O. Deferred Outflows / Inflows of Resources

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54

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

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

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

Assigned Fund Balance Policy:

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (continued)

Order of Fund Balance Spending Policy

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

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

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourism Fund</u>	<u>Lottery Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	23,419	-	-	-	23,419
Prepaid Expense	51,100	-	-	-	51,100
<u>Restricted:</u>					
Emergencies	360,025	-	-	-	360,025
Capital Outlay	-	2,560,931	-	-	2,560,931
Parks and Recreation	-	-	-	137,749	137,749
Landfill	125,632	-	-	-	125,632
Parkland Dedication	21,613	-	-	-	21,613
<u>Committed:</u>					
	-	-	-	-	-
<u>Assigned:</u>					
Tourism Promotion	-	-	38,221	-	38,221
Library	133,921	-	-	-	133,921
<u>Unassigned</u>					
	<u>3,450,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,450,493</u>
<u>Total Fund Balances</u>	<u>4,166,203</u>	<u>2,560,931</u>	<u>38,221</u>	<u>137,749</u>	<u>6,903,104</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	534,790	14,871	-	549,661
Capital Assets Being Depreciated:				
Buildings	11,659,350	82,418	-	11,741,768
Vehicles	1,947,925	38,950	30,797	1,956,078
Equipment	3,725,237	99,702	13,030	3,811,909
Infrastructure	26,983,216	579,748	-	27,562,964
Total Capital Assets Being Depreciated	<u>44,315,728</u>	<u>800,818</u>	<u>43,827</u>	<u>45,072,719</u>
Less Accumulated Depreciation for:				
Buildings	5,922,311	231,035	-	6,153,346
Vehicles	1,529,104	131,443	30,797	1,629,750
Equipment	2,754,120	146,230	13,030	2,887,320
Infrastructure	12,162,542	905,289	-	13,067,831
Total Accumulated Depreciation	<u>22,368,077</u>	<u>1,413,997</u>	<u>43,827</u>	<u>23,738,247</u>
Total Capital Assets Being Depreciated, Net	<u>21,947,651</u>	<u>(613,179)</u>	<u>-</u>	<u>21,334,472</u>
<u>Governmental Activities</u>				
Capital Assets, Net	<u>22,482,441</u>	<u>(598,308)</u>	<u>-</u>	<u>21,884,133</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land, Equity, Water Rights	2,200,487	-	28,571	2,171,916
Capital Assets Being Depreciated:				
Buildings & Systems	37,132,042	61,955	-	37,193,997
Construction In Progress	513,645	1,350,132	-	1,863,777
Equipment	3,406,044	109,754	85,080	3,430,718
Total Capital Assets Being Depreciated	<u>41,051,731</u>	<u>1,521,841</u>	<u>85,080</u>	<u>42,488,492</u>
Less Accumulated Depreciation for:				
Buildings & Systems	21,664,258	593,380	-	22,257,638
Equipment	3,096,181	58,201	85,080	3,069,302
Total Accumulated Depreciation	<u>24,760,439</u>	<u>651,581</u>	<u>85,080</u>	<u>25,326,940</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>18,491,779</u>	<u>870,260</u>	<u>28,571</u>	<u>19,333,468</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 2 CAPITAL ASSETS (Continued)

Beginning in 2003, general infrastructure assets were recorded prospectively in the financial statements, at cost. Retroactive reporting of general infrastructure assets was required by standards for the City (Phase 2 entity) for fiscal years beginning after June 15, 2006. The value of infrastructure from 1980 to 2002 along with the associated accumulated depreciation was included in 2007.

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

Governmental Activities:

General Government	46,202
Public Safety	141,868
Public Works	803,132
Parks and Recreation	<u>422,795</u>
Total Depreciation Expense -- Governmental Activities	<u>1,413,997</u>

Business-Type Activities:

Gas	38,898
Power	60,516
Water	302,284
Sewer	<u>249,883</u>
Total Depreciation Expense -- Business Type Activities	<u>651,581</u>

NOTE 3 CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt, Long-term liability activity for the year ended December 31, 2013, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Landfill Closure/Postclosure	3,258,096	61,325	-	3,319,421	-
Lease Purchases	119,899	-	28,461	91,438	29,447
Compensated Absences	805,895	-	61,737	744,158	-
Net Pension Obligation	<u>177,005</u>	-	<u>7,468</u>	<u>169,537</u>	-
	<u>4,360,895</u>	<u>61,325</u>	<u>97,666</u>	<u>4,324,554</u>	<u>29,447</u>
<u>Business -- Type Activities</u>					
Lease Purchases	-	-	-	-	-
Water Notes Payable	-	-	-	-	-
Sewer Revenue Bonds	2,504,929	-	379,211	2,125,718	389,893
Compensated Absences	<u>878,624</u>	-	<u>136,150</u>	<u>742,474</u>	-
	<u>3,383,553</u>	<u>-</u>	<u>515,361</u>	<u>2,868,192</u>	<u>389,893</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Loan/Revenue Bond – Sewer Construction

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

The debt is payable in 40 semi-annual installments of varying amounts. Original interest was at an approximate rate of 3.9% (refinanced at approximately 2.42% in 2005) and an administrative fee of eight tenths of one percent applies to each payment. Principal payments, administrative fees and estimated interest costs are as follows:

	<u>Principal</u>	<u>Admin Fee</u>	<u>Interest</u>
2014	389,893	53,367	51,960
2015	400,575	53,367	35,409
2016	416,598	53,367	22,954
2017	443,303	40,025	9,950
2018	<u>475,349</u>	<u>20,013</u>	<u>-</u>
<u>Total</u>	<u>2,125,718</u>	<u>220,139</u>	<u>120,273</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Loan/Revenue Bond – Sewer Construction

The refinancing by the Colorado Water Resources and Power Development Authority in 2005 provided an expected savings to the City of \$221,295 at a net present value of \$173,628.

As a condition of this debt, the City must certify to the Authority the following information.

1. Maintenance of the three month operations and maintenance reserve:

The reserve requirement is estimated to be approximately \$312,247 based on Exhibit F of the loan agreement. The City had deposited excess revenues (monthly surplus) into the reserve account in the amount of \$357,741 by December 31, 2013.

2. Compliance with the rate covenant:

The City, for 2013, was not in compliance with the rate covenant required in Exhibit A (5) of the loan agreement.

A rate stabilization fund in the amount of \$100,000 was created in order to have reserves available to enable the City to meet the rate covenant requirements of exhibit A(5) of the loan agreement.

3. Compliance with additional bonds test:

No additional obligations were incurred by the City payable from the revenues of the sewer fund and no liens superior to this loan agreement have been added to the pledged property.

Compensated Absences

Governmental Funds

Non enterprise fund compensated absences at December 31, 2013 were \$742,474. As explained in Note 1(H), this amount is not recorded in the governmental fund financial statements, but is reflected in the statement of net position.

Enterprise Funds

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

Power and Light Fund	311,837
Water Fund	131,518
Gas Fund	171,086
Sewer Fund	<u>128,033</u>
<u>Total</u>	<u>742,474</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable

<u>Item</u>	<u>Cost</u>	<u>Interest Rate</u>	<u>Monthly/ Annual Payments</u>	<u>Number of Payments</u>	<u>First Payment Date</u>
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Terms of Lease Agreements beginning in 2013 are as follows:

Police Vehicles	152,265	3.465%	32,616 Year	5	4-16-12
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Future minimum payments required are:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	29,447	3,169	-	-	32,616
2015	30,467	2,149	-	-	32,616
2016	<u>31,524</u>	<u>1,092</u>	-	-	<u>32,616</u>
Total Minimum Lease Payments	91,438	6,410	-	-	97,848
Less Amounts Representing Interest					<u>6,410</u>
Present Value of Future Minimum Lease Payments					<u>91,438</u>

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

Plan Description

The City firemen and policemen who were full time employees previous to April 8, 1978 are eligible to participate in the City of Trinidad Fire Pension or Police Pension Fund (the Fund). The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Fund is associated with the Fire and Police Pension Association of Colorado (FPPA), an agent multiple-employer pension plan. The FPPA was established pursuant to Colorado Statutes. It issued a publicly available financial report that include financial statements and required supplementary information. That report may be obtained from the Fire and Police Pension Association of Colorado, 5290 DTC Parkway, Suite 100, Englewood Colorado, 80111.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Funding Policy

Employees and the City are required by statute to contribute 8% of their annual salary to the Fund. Additionally, the City is required to contribute an actuarially determined amount to result in all benefits being fully funded at the retirement date of participants.

Annual Pension Cost

For 2013, the City's annual pension cost was \$74,712. The City's required and actual contributions were \$81,623 and \$82,210. The required contribution for 2013 was estimated by the FPPA on the same assumptions as the last actuarial study available dated January 1, 2014. That study used entry age actuarial cost method assuming (a) 7.5% investment rate of return (net of operating expenses) b) projected salary increases of 4.0%, and (c) 3.0% per year inflation adjustments. Assets are valued at market. The Funds unfunded actuarial accrued liability is being amortized on a flat dollar payment. The remaining amortization periods at December 31, 2013 were 14 for fire and 8 for police.

Three year trend information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police	2011	9,494	94.25%	702
	2012	9,449	100.58%	647
	2013	6,336	104.95%	332
Fire	2011	73,705	108.67%	183,230
	2012	72,292	109.50%	176,358
	2013	68,376	110.46%	169,205

Information for 2013 (last actuarial):

	<u>Fire</u>	<u>Police</u>
Actuarially Required Contribution (ARC)	75,199	6,424
Interest on Net Pension Obligation (NPO)	13,227	49
Adjustment to ARC	<u>(20,050)</u>	<u>(107)</u>
Annual Pension Cost	68,376	6,366
Contributions	75,529	6,681
Increase (Decrease) in NPO	(7,153)	(315)
NPO - Beginning of Year	<u>176,358</u>	<u>647</u>
NPO - End of Year	<u>169,205</u>	<u>332</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 DEFINED CONTRIBUTION PLANS

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

- Colorado County Officials and Employees Retirement Association

Employees contribute 3% of their salary to the plan with an equal amount contributed by the City. Vesting occurs at the rate of 20% per year. City contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the City. The City's total payroll for fiscal year 2013 was \$7,609,087. The salary for which contributions were calculated was \$5,247,067. The City and employees each made the required 3% contributions of \$157,412 or \$314,824 in total.

- Police Department Money Purchase Pension Plan

The City contributes 8% for Police (to the employees 8%), of the employee's compensation to the plan. Policemen vest fully after 5 years of service. Contributions and earnings forfeited by participants are accumulated in a reserve fund available for plan expenses not to exceed \$10,000. The contributions made and covered salary for 2013 were as follows:

	<u>Police</u>
Contributions:	
Employees	92,669
City	92,669
Covered Salary	1,158,362

This plan was discontinued in 2005 for fire. Participants voted to become members of the Fire and Police Pension Association Statewide Hybrid Plan effective August 1, 2004. All assets of the fire money purchase plan were transferred in 2004.

NOTE 6 PENSION PLAN – FIREMEN AND POICEMEN

Effective August 1, 2004, the City began contributing to the defined benefit portion of the Fire and Police Pension Association (FPPA) Statewide Hybrid Plan, a cost sharing multi-employer defined benefit pension plan. FPPA provides retirement and disability benefits, and survivor benefits to eligible beneficiaries, annually adjusted for cost-of-living increases. Colorado Revised Statutes (Title 31, Article 31) provides authority for the operation of the plan. The plan is administered by a 9 member Board of Directors appointed by the Governor and confirmed by the Senate. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for FPPA.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 PENSION PLAN – FIREMEN AND POICEMEN (Continued)

That report may be obtained by contacting FPPA, 5290 DTC Parkway Suite 100, Greenwood Village, Colorado, 80111.

Funding Policy

Active members at August 1, 2004 are required to contribute 8% of their annual covered salary and the City if required to contribute 10.5% of covered payroll. Active members at August 1, 2004 were offered the option participating in the Statewide Defined Benefit Plan at a contribution rate of 9.5% of covered salary matched by 10.5% by the City. Any members hired after August 1, 2004 will be covered under the Statewide Defined Benefit Plan at a contribution rate of 8% for the member and 8% for the City. The City will contribute an additional 2.5% of covered salary for post August 1, 2004 hires to FPPA's 457 Deferred Compensation Plan. Requirements for contribution percentage are established by the Board of Directors and may be changed under procedures set out in statute. The City's contributions for the last three years were equal to the required contributions for the periods and were as follows:

2013	64,837
2012	67,625
2011	64,975

NOTE 7 INTERGOVERNMENTAL AGREEMENT

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

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

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 INTERGOVERNMENTAL AGREEMENT (Continued)

Summary audited financial information as of December 31, 2013 follows:

Assets	<u>79,179,012</u>
Liabilities	37,237,831
Net Position	<u>41,941,181</u>
	<u>79,179,012</u>
Revenues	23,322,472
Expenditures	18,053,913
Distributions to Members (Credits to Members)	<u>(738,957)</u>
Increase (Decrease) in Net Position	<u>4,529,602</u>

NOTE 8 SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four Enterprise Funds which provide water, sewer, gas and electrical operational services. Each are segments. Since all enterprise funds are reported separately as major funds in the fund financial statements, no segment disclosures are required.

NOTE 9 CONTINGENCIES

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

NOTE 10 COMMITMENTS

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

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 11 CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, The City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,319,421 reported in Long-Term Debt as landfill closure and postclosure care liability at December 31, 2013, represents the cumulative expense incurred to date based on the use of the existing facility and the requirements to close and monitor as the facility currently exists. The City will recognize a reduction in this liability to close due to the fact that usage at the site will be through vertical expansion and cover will be applied throughout the next 86 years of use. The estimate of cost for final closure is \$2,264,861 (of which \$175,794 will be the final phase) and cost for postclosure care is \$1,054,560. These amounts are based upon what it would cost to perform all closure and postclosure care in 2013. The City expects to close the landfill in the year 2097. Actual cost may be higher due to inflation, changes in technology or changes in regulations. No closure or post closure costs remain unrecognized. Increases in the liability are due solely to inflation, and are recognized currently as increases to Long-Term Debt. Current closure costs were recognized in the amount of \$43,510. Current postclosure costs were \$17,815. Approximately 1% of total landfill capacity has been used.

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

NOTE 12 CASH

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Insured	207,618	207,618
Uninsured, Collateral held by		
Bank or its agent in City's name	<u>20,457,091</u>	<u>20,839,351</u>
<u>Sub-Total</u>	21,414,709	21,796,969
Plus Cash with County Treasurer	50,476	-
Plus Cash on Hand	400	-
<u>Net Cash and Investments</u>	<u>21,465,585</u>	<u>21,796,969</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 12 CASH (Continued)

Cash is comprised of \$18,321,084 of unrestricted cash and \$3,144,501 of restricted cash for a total of \$21,465,585.

As presented above, deposits with a bank balance of \$20,839,351 and a carrying balance of \$20,457,091 as of December 31, 2013 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the City to establish Emergency Reserves (see Note 14). \$360,025 of fund balance has been reserved in compliance with this requirement.

Investments

Investments consist entirely of the City's percentage of total investments of the Fire and Police Pension Association (FPPA). FPPA administers the funds for the City's defined benefit pension plan. The transactions are accounted for in the Pension Trust Funds.

Supplemental Cash Flows Information

The following occurred in the noted funds for the year ended 12-31-2013.

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Gas Fund:		
1) Equipment Acquired by Lease Purchase	-	N/A
2) Deleted Property and Equipment	-	-
Power and Light Fund		
1) Equipment Acquired by Lease Purchase	-	N/A
2) Deleted Property and Equipment	27,376	27,576
Sewer Fund		
1) Equipment Acquired by Lease Purchase	-	N/A
2) Deleted Property and Equipment	-	-
Water Fund:		
1) Equipment Acquired by Lease	-	N/A
2) Deleted Property and Equipment	57,703	57,703
Pension Trust Funds:		
1) Unrealized Gain (Loss) on investments was \$46,664.		

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 13 INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	53,354	-
Gas	-	-
Power	-	-
Water	-	-
Sewer	-	-
Tourism	-	4,669
Lottery	-	48,685
	<u>53,354</u>	<u>53,354</u>

These interfund amounts are created as a result of pooling cash. They are expected to be repaid within a year.

NOTE 14 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

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

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

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 14 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

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

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

NOTE 15 RISK MANAGEMENT

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

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

NOTE 16 ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS

At December 31, 2013, the City has provided an allowance for estimated uncollectible utility billings of \$202,000. The receivables shown in the financial statements of the utility funds are net of this allowance.

NOTE 17 CAPITALIZED INTEREST

Net interest costs associated with the sewer revenue bond were capitalized during the construction period of the new sewer treatment facility as required by generally accepted accounting principles. There was no interest capitalized in 2013.

NOTE 18 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 18 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (Continued)

<u>Items Eliminated</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	53,354	-
Tourism	-	4,669
Lottery	-	<u>48,685</u>
	<u>53,354</u>	<u>53,354</u>

NOTE 19 INTERFUND TRANSFERS

	Transfer from						<u>Totals</u>
	<u>General Fund</u>	<u>Econ. Dev.</u>	<u>Gas Fund</u>	<u>Power Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Transfer to:							
General Fund	-	-	431,310	560,070	249,200	-	1,240,580
Econ. Dev. Fund	-	-	-	-	-	-	-
Sewer Fund	-	-	-	-	464,244	-	464,244
Gas Fund	-	-	-	-	-	-	-
Water Fund	-	-	-	-	-	-	-
Power Fund	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>431,310</u>	<u>560,070</u>	<u>713,444</u>	<u>-</u>	<u>1,704,824</u>

All transfers were made from and to major funds. Transfers to the General Fund were for service reimbursement and payments in lieu of tax and occur on a routine basis. The transfer from water to sewer was in support of operating expense.

NOTE 20 INTERGOVERNMENTAL AGREEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Pension Trend Data – Schedule of Funding Progress for Fire and Police Pension Fund

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
General Property	1,287,822	1,287,822	1,177,298	(110,524)
Specific Ownership	260,000	260,000	294,295	34,295
General Sales and Use	3,874,579	3,874,579	3,449,341	(425,238)
Selective Sales and Use	330,009	330,009	320,485	(9,524)
Franchise	105,000	105,000	99,429	(5,571)
Licenses and Permits				
Business	24,000	24,000	20,948	(3,052)
Building, Zoning and Paving Permits	95,000	95,000	54,550	(40,450)
Other	4,600	4,600	1,801	(2,799)
Intergovernmental Revenues				
State Share Revenues	804,107	804,107	560,417	(243,690)
Other	102,100	102,100	69,495	(32,605)
Charges for Services				
Disposal Fees	200,000	200,000	171,103	(28,897)
Delinquent Assessment	89,000	89,000	100,880	11,880
Culture and Recreation	68,000	68,000	57,582	(10,418)
Security	300,800	300,800	250,676	(50,124)
Fines and Forfeits				
Court	63,000	63,000	49,927	(13,073)
Miscellaneous				
Earnings on Investments	12,150	12,150	14,180	2,030
Other	160,450	160,450	218,463	58,013
TOTAL REVENUES	<u>7,780,617</u>	<u>7,780,617</u>	<u>6,910,870</u>	<u>(869,747)</u>
EXPENDITURES				
General Government				
City Council				
Personal Services	53,838	53,838	52,068	1,770
Other Services & Charges	7,000	7,000	3,098	3,902
Total	<u>60,838</u>	<u>60,838</u>	<u>55,166</u>	<u>5,672</u>
Municipal Court				
Personal Services	42,448	42,448	41,063	1,385
Supplies	500	500	-	500
Other Services & Charges	2,640	2,640	862	1,778
Capital Outlay	700	700	745	(45)
Total	<u>46,288</u>	<u>46,288</u>	<u>42,670</u>	<u>3,618</u>
City Manager				
Personal Services	263,584	263,584	275,363	(11,779)
Other Services & Charges	10,100	10,100	6,482	3,618
Capital Outlay	3,000	3,000	726	2,274
Total	<u>276,684</u>	<u>276,684</u>	<u>282,571</u>	<u>(5,887)</u>

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

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>City Clerk</u>				
Personal Services	153,023	153,023	151,011	2,012
Supplies	250	250	45	205
Other Services & Charges	1,635	1,635	1,241	394
Capital Outlay	1,000	1,000	125	875
<u>Total</u>	<u>155,908</u>	<u>155,908</u>	<u>152,422</u>	<u>3,486</u>
<u>City Attorney</u>				
Personal Services	100,155	100,155	87,685	12,470
Supplies	1,000	1,000	140	860
Other Services & Charges	14,000	14,000	3,524	10,476
<u>Total</u>	<u>115,155</u>	<u>115,155</u>	<u>91,349</u>	<u>23,806</u>
<u>Elections</u>				
Supplies	-	-	-	-
Other Services & Charges	4,000	4,000	4,152	(152)
<u>Total</u>	<u>4,000</u>	<u>4,000</u>	<u>4,152</u>	<u>(152)</u>
<u>Finance</u>				
Personal Services	558,300	558,300	519,906	38,394
Capital Outlay	3,000	3,000	1,794	1,206
Other Services & Charges	55,067	55,067	71,657	(16,590)
<u>Total</u>	<u>616,367</u>	<u>616,367</u>	<u>593,357</u>	<u>23,010</u>
<u>City Planner</u>				
Personal Services	122,231	122,231	124,103	(1,872)
Capital Outlay	6,000	6,000	1,170	4,830
Other Services & Charges	12,500	12,500	6,423	6,077
<u>Total</u>	<u>140,731</u>	<u>140,731</u>	<u>131,696</u>	<u>9,035</u>
<u>Other</u>				
Personal Services	215,495	215,495	153,219	62,276
Supplies	23,305	23,305	19,239	4,066
Insurance	160,000	160,000	158,369	1,631
Contributions	103,220	103,220	101,954	1,266
Other Services & Charges	426,618	426,618	324,107	102,511
Capital Outlay	30,800	30,800	24,567	6,233
Debt Service	-	-	-	-
Miscellaneous	41,350	41,350	14,020	27,330
<u>Total</u>	<u>1,000,788</u>	<u>1,000,788</u>	<u>795,475</u>	<u>205,313</u>
<u>TOTAL GENERAL GOVERNMENT</u>	<u>2,416,759</u>	<u>2,416,759</u>	<u>2,148,858</u>	<u>267,901</u>

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

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>PUBLIC SAFETY</u>				
<u>Police Department</u>				
Personal Services	1,595,639	1,595,639	1,640,581	(44,942)
Supplies	6,500	6,500	3,459	3,041
Other Services & Charges	294,880	294,880	257,120	37,760
Debt Service	32,616	32,616	32,616	-
Capital Outlay	27,973	27,973	29,880	(1,907)
<u>Total</u>	<u>1,957,608</u>	<u>1,957,608</u>	<u>1,963,656</u>	<u>(6,048)</u>
<u>Dispatch</u>				
Personal Services	474,092	474,092	372,402	101,690
Supplies	2,000	2,000	1,496	504
Other Services & Charges	14,727	14,727	11,470	3,257
Capital Outlay	-	-	267	(267)
<u>Total</u>	<u>490,819</u>	<u>490,819</u>	<u>385,635</u>	<u>105,184</u>
<u>Fire Department</u>				
Personal Services	1,237,305	1,237,305	1,295,469	(58,164)
Supplies	13,600	13,600	7,642	5,958
Other Services & Charges	112,300	112,300	87,896	24,404
Debt Service	-	-	-	-
Capital Outlay	363,000	363,000	30,176	332,824
<u>Total</u>	<u>1,726,205</u>	<u>1,726,205</u>	<u>1,421,183</u>	<u>305,022</u>
<u>TOTAL PUBLIC SAFETY</u>	<u>4,174,632</u>	<u>4,174,632</u>	<u>3,770,474</u>	<u>404,158</u>
<u>PUBLIC WORKS</u>				
<u>Inspection</u>				
Personal Services	72,538	72,538	72,703	(165)
Supplies	2,800	2,800	954	1,846
Other Services & Charges	10,000	10,000	9,986	14
Capital Outlay	3,000	3,000	2,811	189
<u>Total</u>	<u>88,338</u>	<u>88,338</u>	<u>86,454</u>	<u>1,884</u>
<u>Landfill</u>				
Personal Services	202,924	202,924	182,929	19,995
Supplies	-	-	-	-
Other Services & Charges	185,937	185,937	105,536	80,401
Capital Outlay	10,000	10,000	119	9,881
<u>Total</u>	<u>398,861</u>	<u>398,861</u>	<u>288,584</u>	<u>110,277</u>
<u>General Maintenance</u>				
Personal Services	239,964	239,964	208,946	31,018
Supplies	8,200	8,200	1,775	6,425
Other Services & Charges	25,950	25,950	19,395	6,555
Capital Outlay	2,000	2,000	2,451	(451)
<u>Total</u>	<u>276,114</u>	<u>276,114</u>	<u>232,567</u>	<u>43,547</u>

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

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Engineering</u>				
Personal Services	120,540	120,540	125,023	(4,483)
Supplies	-	-	-	-
Other Services & Charges	20,922	20,922	12,147	8,775
Capital Outlay	5,000	5,000	82	4,918
<u>Total</u>	<u>146,462</u>	<u>146,462</u>	<u>137,252</u>	<u>9,210</u>
<u>Streets</u>				
Personal Services	607,415	607,415	552,405	55,010
Supplies	-	-	-	-
Other Services & Charges	455,500	455,500	363,053	92,447
Capital Outlay	123,000	123,000	60,186	62,814
<u>Total</u>	<u>1,185,915</u>	<u>1,185,915</u>	<u>975,644</u>	<u>210,271</u>
<u>TOTAL PUBLIC WORKS</u>	<u>2,095,690</u>	<u>2,095,690</u>	<u>1,720,501</u>	<u>375,189</u>
<u>PARKS AND RECREATION</u>				
Personal Services	849,824	849,824	774,683	75,141
Supplies	-	-	-	-
Other Services & Charges	211,650	211,650	175,370	36,280
Capital Outlay	1,500	1,500	1,560	(60)
<u>Total</u>	<u>1,062,974</u>	<u>1,062,974</u>	<u>951,613</u>	<u>111,361</u>
<u>APPRORPRIATED RESERVES</u>	<u>3,089,657</u>	<u>3,089,657</u>	<u>-</u>	<u>3,089,657</u>
<u>TOTAL EXPENDITURES</u>	<u>12,839,712</u>	<u>12,839,712</u>	<u>8,591,446</u>	<u>4,248,266</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(5,059,095)</u>	<u>(5,059,095)</u>	<u>(1,680,576)</u>	
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	958,576	1,337,880	1,240,580	(97,300)
Operating Transfers Out	-	-	-	-
Lease Purchase Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>958,576</u>	<u>1,337,880</u>	<u>1,240,580</u>	<u>(97,300)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(4,100,519)</u>	<u>(3,721,215)</u>	<u>(439,996)</u>	
<u>FUND BALANCE, January 1</u>	<u>4,853,321</u>	<u>4,853,321</u>	<u>4,606,199</u>	
<u>FUND BALANCE, December 31</u>	<u>752,802</u>	<u>1,132,106</u>	<u>4,166,203</u>	

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

CITY OF TRINIDAD, COLORADO
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales Taxes	1,291,527	1,291,527	1,149,770	(141,757)
Grants	1,084,897	1,084,897	31,387	(1,053,510)
Interest	5,000	5,000	7,706	2,706
Other	3,500	3,500	-	(3,500)
<u>Total Revenues</u>	<u>2,384,924</u>	<u>2,384,924</u>	<u>1,188,863</u>	<u>(1,196,061)</u>
<u>EXPENDITURES</u>				
Capital Projects	4,253,819	4,253,819	693,801	3,560,018
<u>REVENUES OVER (UNDER) EXPENDITURES</u>				
	(1,868,895)	(1,868,895)	495,062	
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	-	-
Other	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>				
	(1,868,895)	(1,868,895)	495,062	
<u>FUND BALANCE – Beginning</u>				
	2,166,426	2,166,426	2,065,869	
<u>FUND BALANCE – Ending</u>				
	<u>297,531</u>	<u>297,531</u>	<u>2,560,931</u>	

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

CITY OF TRINIDAD, COLORADO
 SCHEDULE OF FUNDING PROGRESS FOR FIRE AND POLICE PENSION FUND
 December 31, 2013

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Fire</u>	Jan 1, 2014	\$644,024	\$1,283,862	\$639,838	50%	-0-	N/A
	Jan 1, 2012	\$652,659	\$1,344,367	\$691,708	49%	-0-	N/A
	Jan 1, 2010	\$671,386	\$1,432,138	\$760,752	47%	-0-	N/A
<u>Police</u>	Jan 1, 2014	\$ 72,491	\$ 124,030	\$ 51,539	58%	-0-	N/A
	Jan 1, 2012	\$ 86,290	\$ 131,732	\$ 45,422	66%	-0-	N/A
	Jan 1, 2010	\$117,608	\$ 181,660	\$ 64,052	65%	-0-	N/A

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

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

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

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

CITY OF TRINIDAD, COLORADO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013

	<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Funds</u>
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>ASSETS</u>			
Cash	11,936	191,635	203,571
Accrued Interest	-	-	-
Tax Receivable	35,466	-	35,466
Grants Receivable	-	-	-
<u>Total Assets</u>	<u>47,402</u>	<u>191,635</u>	<u>239,037</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	4,669	48,685	53,354
Accounts Payable	4,512	5,201	9,713
Accrued Salary & Benefits	-	-	-
<u>Total Liabilities</u>	<u>9,181</u>	<u>53,886</u>	<u>63,067</u>
Fund Balances:			
Restricted:			
Parks and Recreation	-	137,749	137,749
Assigned:			
Tourism Promotion	<u>38,221</u>	-	<u>38,221</u>
<u>Total Fund Balances</u>	<u>38,221</u>	<u>137,749</u>	<u>175,970</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>47,402</u>	<u>191,635</u>	<u>239,037</u>

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

CITY OF TRINIDAD, COLORADO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	<u>Special Revenue</u>		
	<u>Tourism</u>	<u>Lottery</u>	<u>Nonmajor</u>
	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>
			<u>Funds</u>
<u>REVENUES</u>			
Lodger Tax	179,949	-	179,949
State Shared – Lottery	-	94,769	94,769
Grants	-	-	-
Interest	17	136	153
Other Revenue	25	-	25
In-Kind Match for Grants	-	-	-
<u>Total Revenues</u>	<u>179,991</u>	<u>94,905</u>	<u>274,896</u>
<u>EXPENDITURES</u>			
Tourism Promotion	192,479	-	192,479
Parks and Recreation	-	104,908	104,908
Capital Projects	-	-	-
<u>Total Expenditures</u>	<u>192,479</u>	<u>104,908</u>	<u>297,387</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(12,488)	(10,003)	(22,491)
<u>Other Financing Sources (Uses)</u>			
Transfers	-	-	-
Capital Lease Proceeds	-	-	-
<u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	(12,488)	(10,003)	(22,491)
<u>FUND BALANCE, January 1</u>	<u>50,709</u>	<u>147,752</u>	<u>198,461</u>
<u>FUND BALANCE, December 31</u>	<u>38,221</u>	<u>137,749</u>	<u>175,970</u>

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

CITY OF TRINIDAD, COLORADO
 TOURISM – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lodger Tax	210,000	210,000	179,949	(30,051)
Interest	50	50	17	(33)
Other	<u>25</u>	<u>25</u>	<u>25</u>	<u>-</u>
<u>Total Revenues</u>	<u>210,075</u>	<u>210,075</u>	<u>179,991</u>	<u>(30,084)</u>
 <u>EXPENDITURES</u>				
Tourism Promotion	<u>293,400</u>	<u>293,400</u>	<u>192,479</u>	<u>100,921</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>				
	(83,325)	(83,325)	(12,488)	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>				
	(83,325)	(83,325)	(12,488)	
 <u>FUND BALANCE, January 1</u>				
	<u>107,717</u>	<u>107,717</u>	<u>50,709</u>	
<u>FUND BALANCE, December 31,</u>				
	<u>24,392</u>	<u>24,392</u>	<u>38,221</u>	

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

CITY OF TRINIDAD, COLORADO
 LOTTERY – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lottery – State Shared	86,000	86,000	94,769	8,769
Interest	100	100	136	36
Other	<u>24,519</u>	<u>24,519</u>	-	<u>(24,519)</u>
<u>Total Revenues</u>	<u>110,619</u>	<u>110,619</u>	<u>94,905</u>	<u>(15,714)</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>177,019</u>	<u>177,019</u>	<u>104,908</u>	<u>72,111</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(66,400)	(66,400)	(10,003)	
<u>FUND BALANCE, January 1</u>	<u>137,901</u>	<u>137,901</u>	<u>147,752</u>	
<u>FUND BALANCE, December 31,</u>	<u>71,501</u>	<u>71,501</u>	<u>137,749</u>	

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

ENTERPRISE FUNDS – BUDGET STATEMENTS

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
GAS ENTERPRISE FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	4,684,000	4,684,000	4,540,771	(143,229)
Other	49,600	49,600	39,087	(10,513)
<u>Total Operating Revenue</u>	<u>4,733,600</u>	<u>4,733,600</u>	<u>4,579,858</u>	<u>(153,742)</u>
<u>OPERATING EXPENSES</u>				
Personal Services	594,669	594,669	586,960	7,709
Purchased Services	41,208	41,208	54,225	(13,017)
Supplies and Materials	15,309	15,309	3,872	11,437
Power and Utilities	3,392,000	3,392,000	2,788,962	603,038
Maintenance and Repair	130,210	130,210	62,758	67,452
Depreciation/Amortization	52,000	52,000	38,898	13,102
Bad Debts	40,000	40,000	42,004	(2,004)
Other	-	-	-	-
<u>Total Operating Expenses</u>	<u>4,265,396</u>	<u>4,265,396</u>	<u>3,577,679</u>	<u>687,717</u>
<u>OPERATING INCOME</u>	<u>468,204</u>	<u>468,204</u>	<u>1,002,179</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(170,400)	(170,400)	(10,634)	159,766
Debt Principal	-	-	-	-
Interest Income	11,000	11,000	12,695	1,695
State Grant	-	-	-	-
<u>Total Other Revenues (Expenses)</u>	<u>(159,400)</u>	<u>(159,400)</u>	<u>2,061</u>	<u>161,461</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>308,804</u>	<u>308,804</u>	<u>1,004,240</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(544,434)	(476,810)	(431,310)	45,500
<u>Total Operating Transfers</u>	<u>(544,434)</u>	<u>(476,810)</u>	<u>(431,310)</u>	<u>45,500</u>
<u>NET INCOME (LOSS) – (NON GAAP)</u>	<u>(235,630)</u>	<u>(168,006)</u>	<u>572,930</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	-	-	-	-
Capital Outlay	170,400	170,400	10,634	
<u>Total Reconciling Items</u>	<u>170,400</u>	<u>170,400</u>	<u>10,634</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(65,230)</u>	<u>2,394</u>	<u>583,564</u>	
<u>NET POSITION, Beginning</u>	<u>3,311,990</u>	<u>3,311,990</u>	<u>3,665,370</u>	
<u>NET POSITION, Ending</u>	<u>3,246,760</u>	<u>3,314,384</u>	<u>4,248,934</u>	

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

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
POWER ENTERPRISE FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	8,046,335	8,046,335	7,611,195	(435,140)
Other	18,000	18,000	29,127	11,127
<u>Total Operating Revenue</u>	<u>8,064,335</u>	<u>8,064,335</u>	<u>7,640,322</u>	<u>(424,013)</u>
<u>OPERATING EXPENSES</u>				
Personal Services	1,193,022	1,193,022	1,097,902	95,120
Purchased Services	405,250	405,250	403,271	1,979
Supplies and Materials	13,100	13,100	8,887	4,213
Power and Utilities	5,926,550	5,926,550	5,735,135	191,415
Maintenance and Repair	111,725	111,725	115,321	(3,596)
Depreciation/Amortization	93,571	93,571	89,087	4,484
Bad Debts	50,000	50,000	72,601	(22,601)
Other	-	-	-	-
<u>Total Operating Expenses</u>	<u>7,793,218</u>	<u>7,793,218</u>	<u>7,522,204</u>	<u>271,014</u>
<u>OPERATING INCOME</u>	<u>271,117</u>	<u>271,117</u>	<u>118,118</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(105,000)	(105,000)	(18,500)	86,500
Debt Principal	-	-	-	-
Interest Income	16,000	16,000	21,706	5,706
State Grant	-	-	-	-
<u>Total Other Revenues (Expenses)</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>3,206</u>	<u>92,206</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>182,117</u>	<u>182,117</u>	<u>121,324</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(371,758)	(602,870)	(560,070)	42,800
<u>Total Operating Transfers</u>	<u>(371,758)</u>	<u>(602,870)</u>	<u>(560,070)</u>	<u>42,800</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(189,641)</u>	<u>(420,753)</u>	<u>(438,746)</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	-	-	-	-
Capital Outlay	40,000	40,000	18,500	
<u>Total Reconciling Items</u>	<u>40,000</u>	<u>40,000</u>	<u>18,500</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(149,641)</u>	<u>380,753</u>	<u>(420,246)</u>	
<u>NET POSITION, Beginning</u>	<u>3,802,672</u>	<u>3,802,672</u>	<u>3,753,158</u>	
<u>NET POSITION, Ending</u>	<u>3,653,031</u>	<u>3,421,919</u>	<u>3,332,912</u>	

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

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
WATER ENTERPRISE FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	2,058,500	2,058,500	2,140,846	82,346
Other	59,500	59,500	52,144	(7,356)
<u>Total Operating Revenue</u>	<u>2,118,000</u>	<u>2,118,000</u>	<u>2,192,990</u>	<u>74,990</u>
<u>OPERATING EXPENSES</u>				
Personal Services	837,961	837,961	832,593	5,368
Purchased Services	296,391	296,391	219,307	77,084
Supplies and Materials	9,590	9,590	4,902	4,688
Power and Utilities	376,955	376,955	279,724	97,231
Maintenance and Repair	342,490	342,490	200,914	141,576
Depreciation/Amortization	291,000	291,000	302,284	(11,284)
Bad Debts	24,000	24,000	13,983	10,017
Other	-	-	-	-
<u>Total Operating Expenses</u>	<u>2,178,387</u>	<u>2,178,387</u>	<u>1,853,707</u>	<u>324,680</u>
<u>OPERATING INCOME</u>	<u>(60,387)</u>	<u>(60,387)</u>	<u>339,283</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(1,961,814)	(1,961,814)	(1,471,104)	490,710
Debt Principal	-	-	-	-
Interest Income	60,000	60,000	58,225	(1,775)
Grants	621,078	621,078	531,037	(90,041)
<u>Total Other Revenues (Expenses)</u>	<u>(1,280,736)</u>	<u>(1,280,736)</u>	<u>(881,842)</u>	<u>398,894</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(1,341,123)</u>	<u>(1,341,123)</u>	<u>(542,559)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(438,384)	(258,200)	(713,444)	(455,244)
<u>Total Operating Transfers</u>	<u>(438,384)</u>	<u>(258,200)</u>	<u>(713,444)</u>	<u>(455,244)</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(1,779,507)</u>	<u>(1,599,323)</u>	<u>(1,256,003)</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	-	-	-	-
Capital Outlay	1,961,814	1,961,814	1,471,104	
<u>Total Reconciling Items</u>	<u>1,961,814</u>	<u>1,961,814</u>	<u>1,471,104</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>182,307</u>	<u>362,491</u>	<u>215,101</u>	
<u>CONTRIBUTED CAPITAL</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>CHANGE IN NET ASSETS</u>	<u>182,307</u>	<u>362,491</u>	<u>215,101</u>	
<u>NET POSITION, Beginning</u>	<u>18,999,099</u>	<u>18,999,099</u>	<u>19,333,843</u>	
<u>NET POSITION, Ending</u>	<u>19,181,406</u>	<u>19,361,590</u>	<u>19,548,944</u>	

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

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
SEWER ENTERPRISE FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	1,364,225	1,364,225	1,285,435	(78,790)
Other	<u>3,000</u>	<u>3,000</u>	<u>3,911</u>	<u>911</u>
<u>Total Operating Revenue</u>	<u>1,367,225</u>	<u>1,367,225</u>	<u>1,289,346</u>	<u>(77,879)</u>
<u>OPERATING EXPENSES</u>				
Personal Services	667,264	667,264	628,349	38,915
Purchased Services	44,575	44,575	44,968	(393)
Supplies and Materials	26,550	26,550	28,998	(2,448)
Power and Utilities	334,000	334,000	301,338	32,662
Maintenance and Repair	118,600	118,600	123,787	(5,187)
Depreciation/Amortization	211,545	211,545	249,883	(38,338)
Bad Debts	8,000	8,000	12,915	(4,915)
Other	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<u>Total Operating Expenses</u>	<u>1,460,534</u>	<u>1,460,534</u>	<u>1,390,238</u>	<u>70,296</u>
<u>OPERATING INCOME</u>	<u>(93,309)</u>	<u>(93,309)</u>	<u>(100,892)</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	(116,548)	(116,548)	(111,872)	4,676
Capital Outlay	(77,925)	(77,925)	(21,603)	56,322
Debt Principal	(379,211)	(379,211)	(379,211)	-
Interest Income	5,800	5,800	4,620	(1,180)
State and Federal Grants	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>
<u>Total Other Revenues (Expenses)</u>	<u>(567,884)</u>	<u>(567,884)</u>	<u>(495,066)</u>	<u>72,818</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(661,193)</u>	<u>(661,193)</u>	<u>(595,958)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	396,000	-	464,244	464,244
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Operating Transfers</u>	<u>396,000</u>	<u>-</u>	<u>464,244</u>	<u>464,244</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(265,193)</u>	<u>(661,193)</u>	<u>(131,714)</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	379,211	379,211	379,211	
Capital Outlay	<u>77,925</u>	<u>77,925</u>	<u>21,603</u>	
<u>Total Reconciling Items</u>	<u>457,136</u>	<u>457,136</u>	<u>400,814</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	191,943	(204,057)	269,100	
<u>NET POSITION (As Restated), Beginning</u>	<u>4,685,194</u>	<u>4,685,194</u>	<u>4,688,644</u>	
<u>NET POSITION, Ending</u>	<u>4,877,137</u>	<u>4,481,137</u>	<u>4,957,744</u>	

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

STATE REQUIRED SCHEDULE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: CITY OF TRINIDAD YEAR ENDING : December 31, 2013
This Information From The Records Of (example - City of _ or County of) City Of Trinidad	Prepared By: Lonny Medina Phone: 719-846-9843 x121

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	609,879
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	582,561
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	116,512
2. General fund appropriations	759,221	b. Snow and ice removal	233,025
3. Other local imposts (from page 2)	854,064	c. Other	
4. Miscellaneous local receipts (from page 2)	70,808	d. Total (a. through c.)	349,537
5. Transfers from toll facilities		4. General administration & miscellaneous	10,788
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	476,360
a. Bonds - Original Issues		6. Total (1 through 5)	2,029,125
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,684,093	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	345,032	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,029,125	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,029,125

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,029,125	2,029,125		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	47,203
1. Sales Taxes	565,150	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	23,605
5. Specific Ownership &/or Other	288,914	g. Other Misc. Receipts	
6. Total (1. through 5.)	854,064	h. Other	
c. Total (a. + b.)	854,064	i. Total (a. through h.)	70,808
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	311,668	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	33,364	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	33,364	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	345,032	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		11,971	11,971
c. Construction:			
(1). New Facilities		-	0
(2). Capacity Improvements		-	0
(3). System Preservation		597,908	597,908
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	597,908	597,908
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	609,879	609,879
			(Carry forward to page 1)

Notes and Comments: