CITY OF IDAHO SPRINGS
IDAHO SPRINGS, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

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FINANCIAL SECTION

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City of Idaho Springs
Management Discussion and Analysis
For the Year Ended December 31, 2016

As management of the City of Idaho Springs ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City of Idaho Springs.

A. FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities by $17,876,010 at the end of 2016.

- Governmental funds reported combined fund equity of $21,413,271 a decrease of $5,420,634 in comparison with the prior year. This decrease is due primarily to the Colorado Boulevard reconstruction project expenditures depleting the Responsible Acceleration of Maintenance and Partnerships (RAMP) Fund balance. The RAMP Fund was established with money from the Colorado Department of Transportation RAMP program when the City accepted ownership and maintenance responsibility of the former State highway through an intergovernmental agreement in 2015

- The City's unassigned fund balance for the General Fund was $2,147,323, while committed fund balance totaled $336,824 of which $104,824 is for cemetery maintenance and $231,996 is for storm water system improvements. The unassigned portion of fund balance is available to meet the City's reserve requirements and future spending at the City's discretion.

- Total long-term liabilities decreased by $328,420 as a result of loan payoffs reducing principal payments on long-term debt held by the Water and Wastewater Funds and Capital lease payable.

- Sales Tax Revenues were $2,504,686 an increase of $138,282 or 5.8% from the prior year. Property Tax Revenues were $143,021, an increase of $8,815 or 6.6% from 2015.

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B. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues *(Governmental Activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(Business-type Activities)*. The governmental activities include the following: general government (administration, building inspector, court, and cemetery), public safety (police and fire), streets, community promotion and parks. The business-type activities include water and wastewater.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requisites. The City's funds 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 activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds are separated into two major funds: the general fund and sales tax improvement fund.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds - Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and wastewater, which are considered to be major funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The method of accounting used for fiduciary funds is much like that used for proprietary funds.

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Notes to financial statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board.*

Capital Assets
Beginning with the 2003 financial statements, the City must comply with capital assets reporting requirements as specified in *Governmental Accounting Standards Board Statement 34 (GASB34)*. One of the requirements is to report capital assets in the government-wide financial statements. The City has complied with these requirements. Accordingly, the government-wide financial statements include information about capital assets and infrastructure and their related expenses.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the close of 2016, total net assets were $31,223,128. By far the largest portion of net assets is the investment in capital assets (net of related debt) of $8,032,912. This amount reflects the investment in all capital assets (e.g.; infrastructure, land, buildings, and equipment) less any debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of 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 summarizes the City's governmental and business-type net position for 2016 and 2015.

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CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and Other Assets	$ 21,989,021	$ 27,257,682	$ 1,999,099	$ 2,035,399	$ 23,988,120	$ 29,293,081
Capital Assets	11,493,415	5,308,646	8,514,022	8,685,093	20,007,437	13,993,739
Total Assets	33,482,436	32,566,328	10,513,121	10,720,492	43,995,557	43,286,820
DEFERRED OUTFLOWS	134,440	33,401	-	-	134,440	33,401
LIABILITIES						
Current Liabilities	429,685	194,408	69,113	120,060	498,798	314,468
Noncurrent Liabilities	191,370	201,124	1,941,204	1,970,755	2,132,574	2,171,879
Total Liabilities	621,055	395,532	2,010,317	2,090,815	2,631,372	2,486,347
DEFERRED INFOWS	146,272	145,426	-	-	146,272	145,426
NET POSITION						
Net Investment in Capital Assets	11,378,415	5,281,146	6,846,840	6,714,338	18,225,255	11,995,484
Restricted	15,403,041	21,446,761	99,576	62,546	15,502,617	21,509,307
Unrestricted	6,068,093	5,330,864	1,556,388	1,852,793	7,624,481	7,183,657
Total Net Position	**$ 32,849,549**	**$ 32,058,771**	**$ 8,502,804**	**$ 8,629,677**	**$ 41,352,353**	**$ 40,688,448**

The restricted portion of net position (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $7,789,599
Is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position

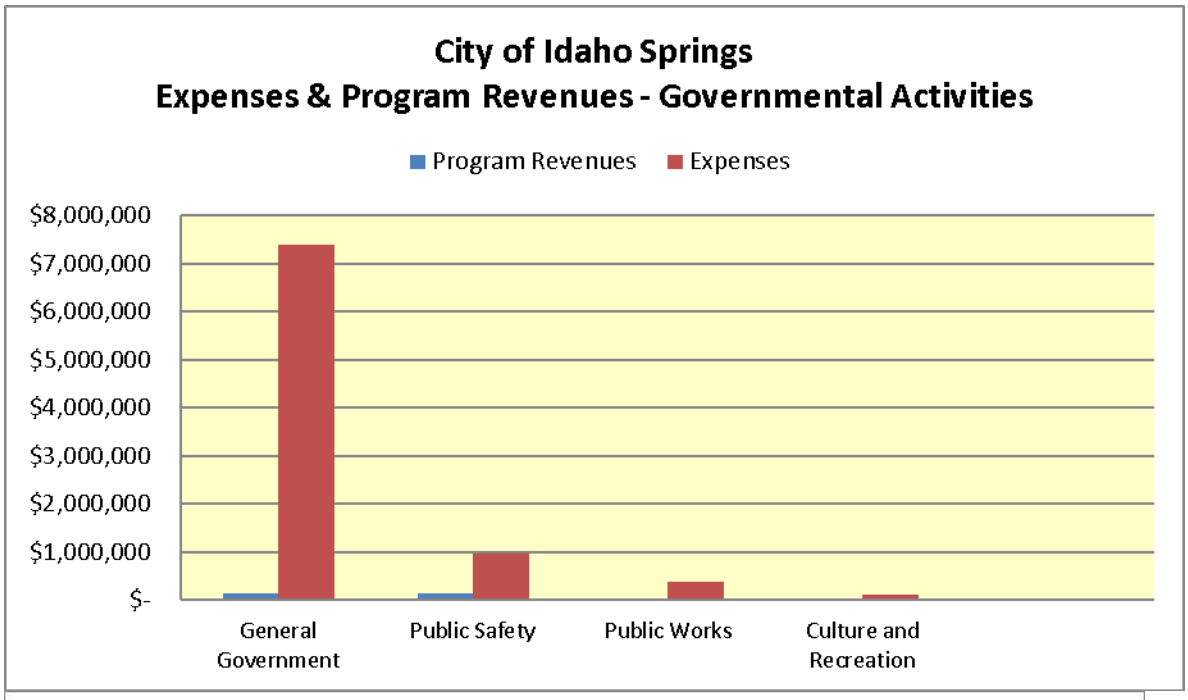
Governmental and business-type activities increased the City's net position by $2,012,058 in 2016.

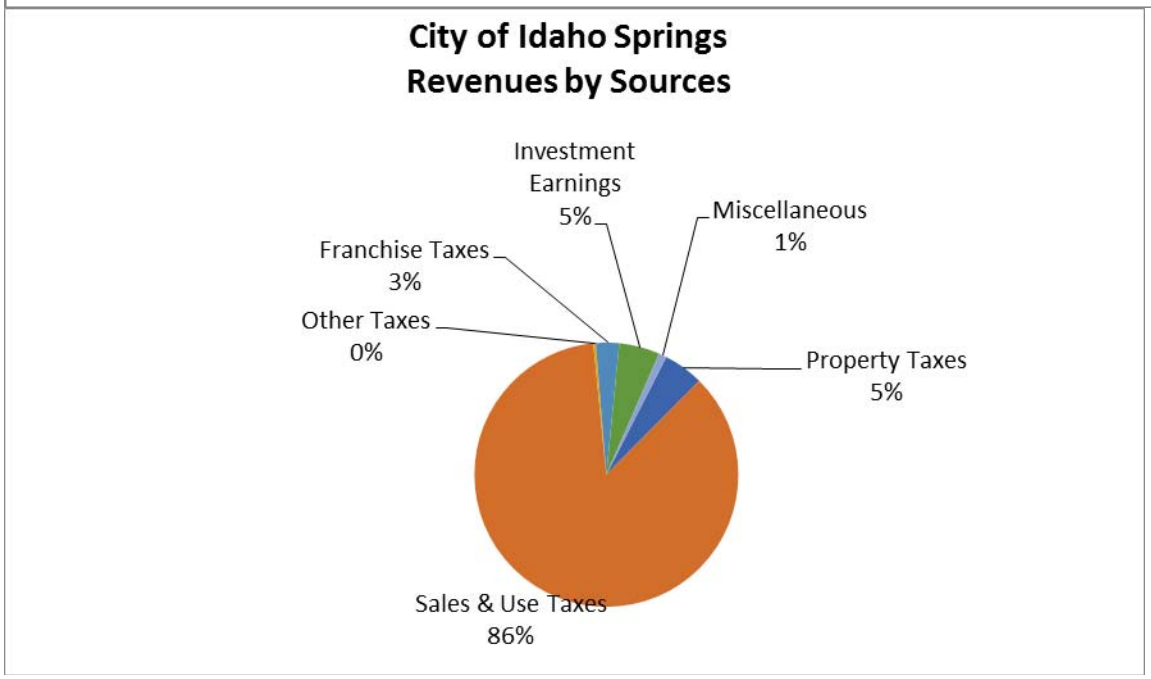
CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
PROGRAM REVENUES						
Charges for Services	$ 280,587	$ 309,531	$ 1,367,860	$ 1,406,349	$ 1,648,447	$ 1,715,880
Operating Grants	236,020	349,208	-	-	236,020	349,208
Capital Grants	-	21,900,000	34,716	100,581	34,716	22,000,581
Total Program Revenues	516,607	22,558,739	1,402,576	1,506,930	1,919,183	24,065,669
GENERAL REVENUES						
Property Taxes	143,021	134,206	-	-	143,021	134,206
Specific Ownership Taxes	8,558	8,016	-	-	8,558	8,016
Sales Taxes	2,504,686	2,366,374	-	-	2,504,686	2,366,374
Franchise Taxes	83,168	88,315	-	-	83,168	88,315
Interest Income	145,149	42,117	9,740	3,015	154,889	45,132
Gain (Loss) on Disposal Capital Assets	(16,345)	-	-	-	(16,345)	-
Insurance Proceeds	-	-	**6,435**	5,300	6,435	5,300
Other Revenues	27,695	125,103	-	-	27,695	125,103
Total General Revenues	2,895,932	2,764,131	16,175	8,315	2,912,107	2,772,446
TRANSFERS	(15,493)	(177,190)	-	161,690	(15,493)	(15,500)
Total Revenues & Transfers	3,397,046	25,145,680	1,418,751	1,676,935	4,815,797	26,822,615
PROGRAM EXPENSES						
General Government	667,327	523,517	-	-	667,327	523,517
Public Safety	1,181,625	877,877	-	-	1,181,625	877,877
Public Works	648,136	354,088	-	-	648,136	354,088
Culture and Recreation	109,180	115,571	-	-	109,180	115,571
Water Operations	-	-	839,361	861,956	839,361	861,956
Sewer Operations	-	-	706,263	807,182	706,263	807,182
Noncapitalized Capital Outlay	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Depreciation - unallocated	-	132,985	-	-	-	132,985
Total Program Expenses	2,606,268	2,004,038	1,545,624	1,669,138	4,151,892	3,673,176
CHANGE IN NET POSITION	790,778	23,141,642	(126,873)	7,797	663,905	23,149,439
Net Position, Beginning	32,058,771	8,917,129	8,629,677	8,621,880	40,688,448	17,539,009
NET POSITION, ENDING	**$ 32,849,549**	**$ 32,058,771**	**$ 8,502,804**	**$ 8,629,677**	**$ 41,352,353**	**$ 40,688,448**

Governmental Activities

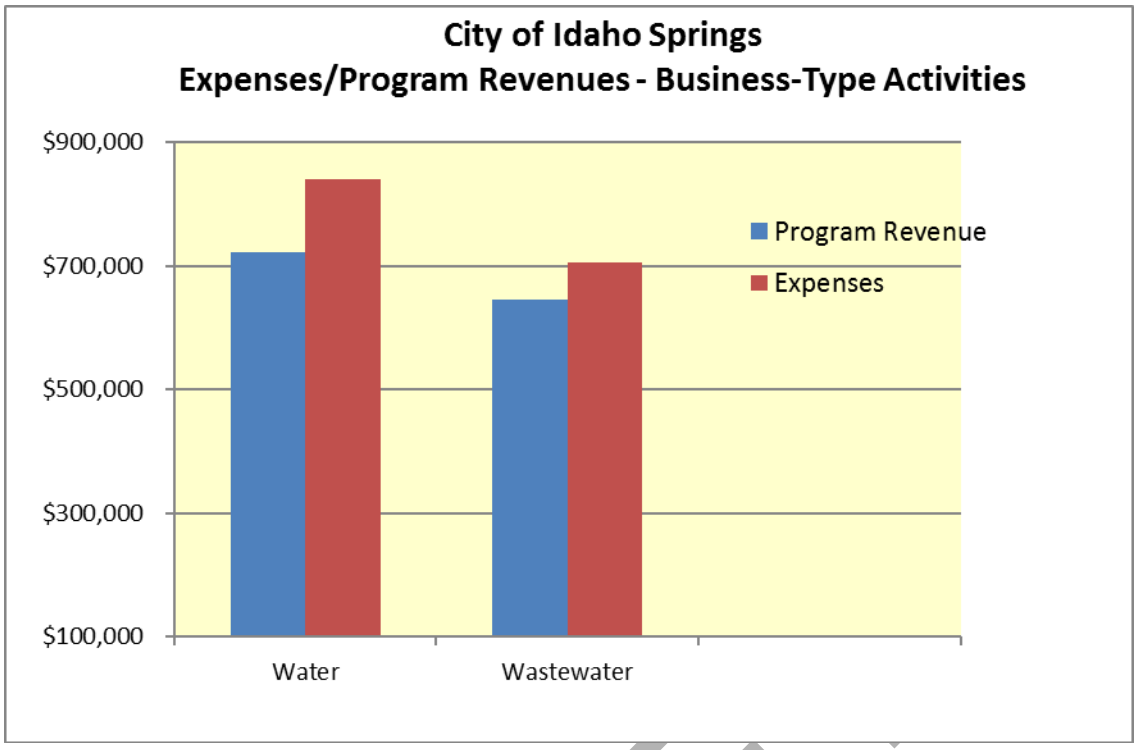
Governmental activities increased the City's net position by $642,653. Overall revenue was over budget projections by $639,728 or 23% while increasing 11.5% over the last five years. Expenditures were under budget and $330,013 more than in 2015. Governmental activities were subsidized by tax revenue and other general non-program revenues. The following illustrates the governmental activities expenses and program revenues:





Business-type Activities

Business-type activities for the year resulted in a decrease of net position of $126,873. Charges for services showed an increase of $67,433 compared to 2015. Overall revenue had a slight increase and expenditures increased five percent. The following illustrates the business-type activities program revenues and expenses:



D. FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As of the end of 2016, the City's governmental funds reported combined ending fund balances of $21,413,271 an increase of $5,420,643 in comparison with the prior year. Expenditures for capital equipment and capital projects were $617,859. This includes $164,698 for land acquired in 2016 which is reflected in the Sales Tax Improvement Fund. Of the combined ending fund balances for all governmental funds, $274,023 is non-spendable, $15,299,894 is restricted, $3,692,031 is committed for cemetery maintenance and capital improvements, and $2,147,323 is available for appropriation according to the City's Fund Balance and Reserve Policy.

The City has three major governmental funds. They are the General Fund, Sales Tax Improvement Fund, and RAMP Fund.

The General Fund is the primary operating fund for the City of Idaho Springs. Key factors for 2016 are: Revenues were $639,728 more than budgeted, primarily from an unexpected increase in intergovernmental tax distribution. Expenditures were less than budgeted by $191,790 due to unpredictable government expenditures.

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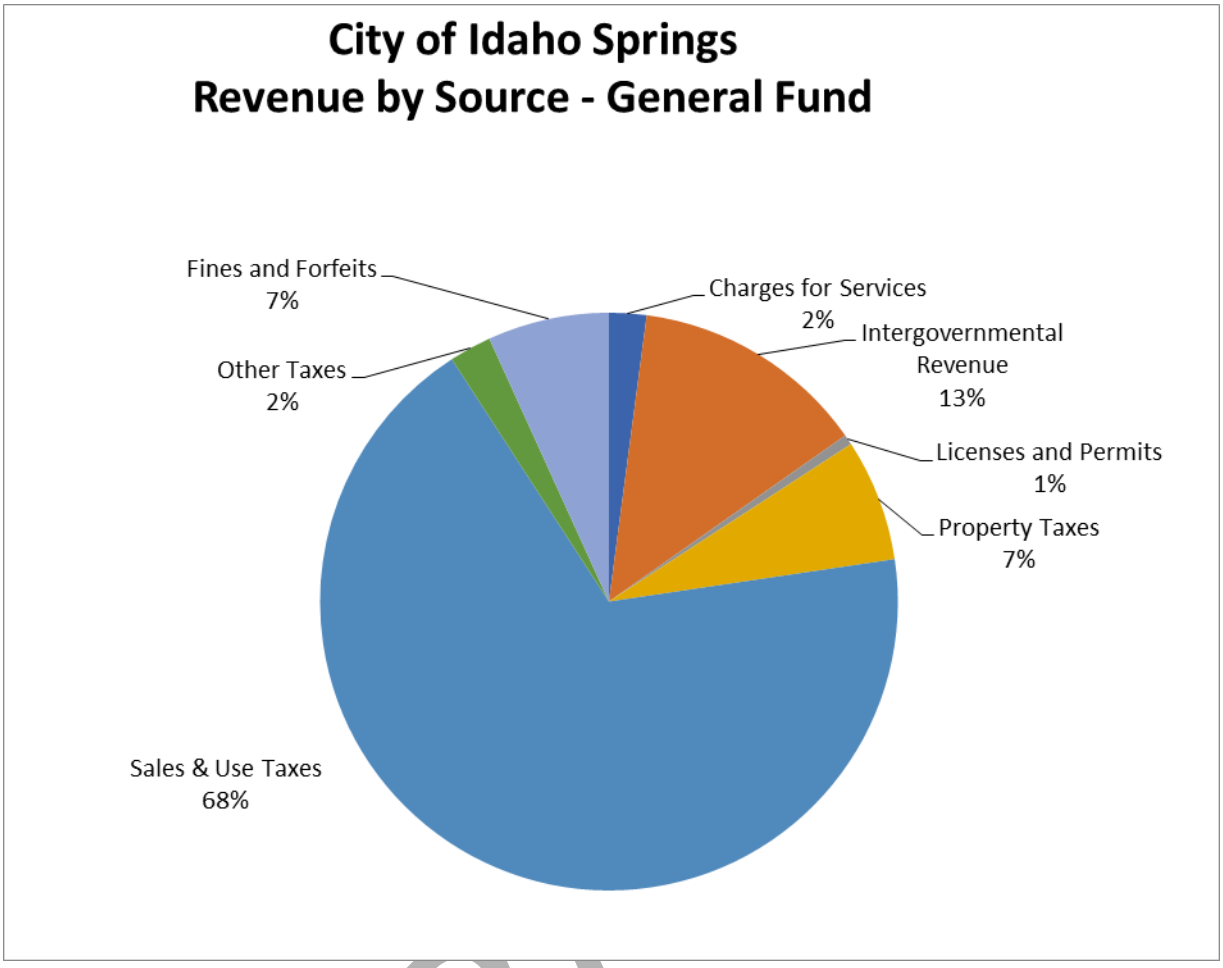

General Fund expenditures include all administrative functions of the City including Council, Clerk, Administration, Court, Planning, Public Works and Public Safety (Police & Fire), Cemetery Maintenance and Storm Water system improvements. The following shows a graphical presentation of General Fund expenditures by type:

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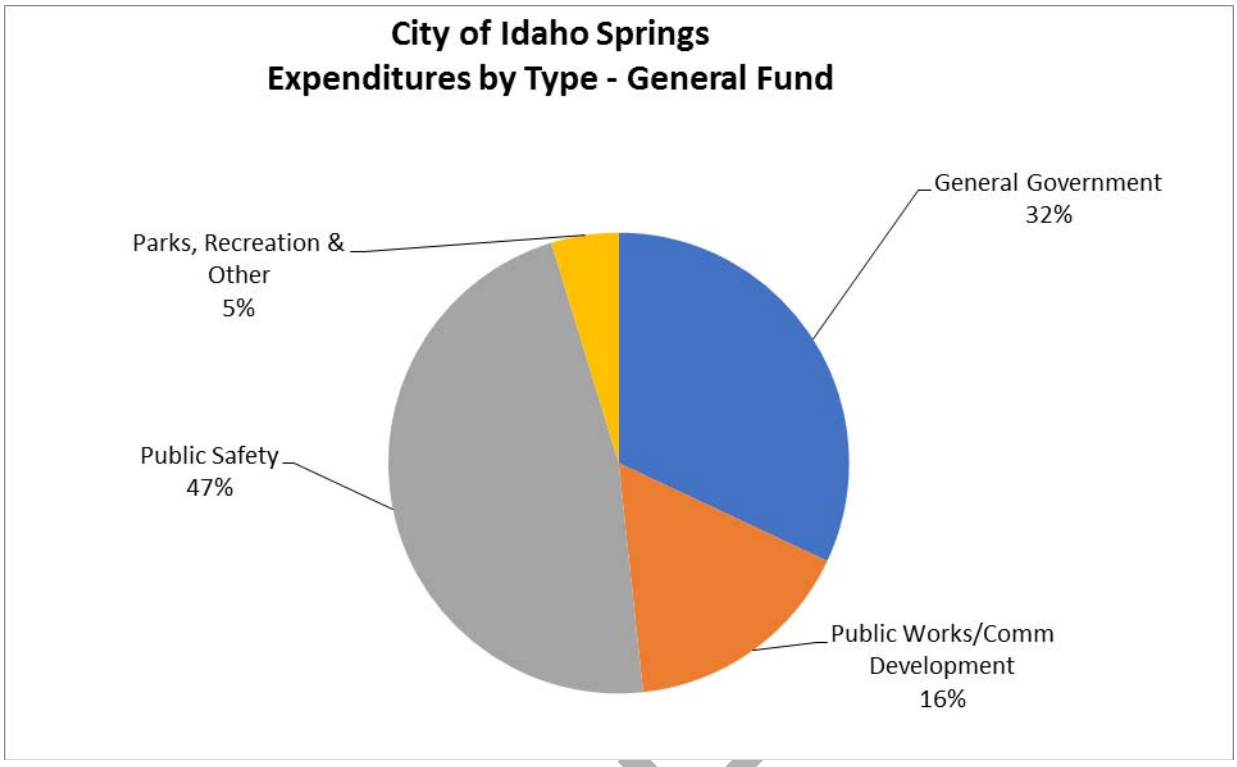

The Sales Tax Improvement Fund had a total fund balance at the end of 2016 of $1,255,512 a decrease of $29,994. This fund accounts for one third of sales tax revenue and Idaho Springs' share of the special county road and bridge mill levy. In 2016, $0 was transferred from the General Fund for additional capital improvements. These funds are to be used for street improvements, equipment and other capital projects. A Capital Improvement Plan has been put in place to guide the Council in the use of these funds.

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

The City has two enterprise funds, the Water Fund and the Wastewater Fund. The net position of the enterprise funds at the end of 2016 was $8,502,804. A breakdown by fund is Water, $4,504,321 and Wastewater, $3,998,483. Total net position decreased by $126,873 mainly due to capital improvement project expenses. A rate increase will be implemented in 2017 to help offset capital improvement expenses.

E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to $8,032,912.

Long Term Debt - At the end of 2016, total bonded debt outstanding was $1,941,204.

Major capital expenditures during 2016 included:

*Police Vehicle Replacement	$ 74,133
Public Works Vehicle/Equipment	71,055
Land Acquisition	164,698

*Money was used for two police vehicle purchases in 2016, but only one vehicle was delivered in 2016, the second will be delivered in 2017.

Governmental Activities

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated				
Land	$ 2,548,046	$ -	$ -	$ 2,548,046
Water Rights	8,000	-	-	8,000
Construction in Progress	671,341	6,176,874	16,345	6,831,870
Total Capital Assets Not Being Depreciated	3,227,387	6,176,874	16,345	9,387,916
Capital Assets Being Depreciated				
Buildings	1,697,308	16,345	-	1,713,653
Improvements Other Than Buildings	1,690,446	93,400	-	1,783,846
Equipment	1,827,314	112,021	-	1,939,335
Total Capital Assets Being Depreciated	5,215,068	221,766	-	5,436,834
Accumulated Depreciation				
Buildings	(846,020)	(33,513)	-	(879,533)
Improvements Other Than Buildings	(744,603)	(101,110)	-	(845,713)
Equipment	(1,543,186)	(62,903)	-	(1,606,089)
Total Accumulated Depreciation	(3,133,809)	(197,526)	-	(3,331,335)
Net Govermental Capital Assets	$ 5,308,646	$ 6,201,114	$ 16,345	$ 11,493,415

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Business-type Activities

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated				
Land - Water	$ 13,231	$ -	$ -	$ 13,231
Land - Wastewater	50,005	-	-	50,005
Water Rights	10,440	-	-	10,440
Construction in Progress - Wastewater	-	331,031	-	331,031
Construction in Progress - Water	293,023	-	293,023	-
Total Capital Assets Not Being Depreciated	366,699	331,031	293,023	404,707
Capital Assets Being Depreciated				
Improvements Other Than Buildings - Water	11,777,112	293,023	-	12,070,135
Improvements Other Than Buildings - Wastewater	8,141,312	-	-	8,141,312
Equipment - Water	291,640	-	-	291,640
Equipment - Wastewater	269,105	-	-	269,105
Total Capital Assets Being Depreciated	20,479,169	293,023	-	20,772,192
Accumulated Depreciation				
Improvements Other Than Buildings - Water	(6,881,879)	(271,527)	-	(7,153,406)
Improvements Other Than Buildings - Wastewater	(4,923,983)	(201,308)	-	(5,125,291)
Equipment - Water	(155,194)	(12,370)	-	(167,564)
Equipment - Wastewater	(199,719)	(16,898)	-	(216,617)
Total Accumulated Depreciation	(12,160,775)	(502,103)	-	(12,662,878)
Net Business-type Capital Assets	$ 8,685,093	$ 121,951	$ 293,023	$ 8,514,021

F. THE FUTURE OF THE CITY

The City of Idaho Springs' financial position remains stable. Reserves continue to exceed the levels established as acceptable by the City, a circumstance that is intended to continue in future years.

Sales tax revenues reflect continued increases, due in part to the onset of retail marijuana sales in January 2016. While that economic source is expected to level out at some point in the future, the addition to the City's revenues, along with the excise tax on sales, provides the City an additional level of financial comfort.

After a number of years with no changes to water and sewer rates, the City intends to adopt some adjustments for 2017 and beyond. Without adjustment the current rates, already unable to support much in the way of capital improvements, would soon be unable to support basic maintenance and operations. At this writing, a variety of options are being considered; the type of adjustments and the resulting impacts to users and to the enterprise revenues have not been finalized.
The City continues to seek opportunities for economic growth while improving the quality of services offered and maintaining its financial sustainability.

A five-year trend continued as sales tax revenues increased again in 2016. In November 2015, the voters overwhelmingly approved a 1% sales tax that increased the total City tax rate to 4% with the resulting revenue dedicated to street repair and ongoing maintenance. That increase is expected to generate sufficient funds to replace, and likely exceed, the previous special County mill levy for streets that ended in 2013.

Moving into 2017 and beyond, interstate construction projects will continue and may affect local businesses and, therefore, sales tax revenue. Overall, however, the City's sound financial position

will allow it to avoid any reduction in services. Reserves continue to exceed the levels established as acceptable by the City.

The reconstruction of Colorado Boulevard will bring new opportunities for development and economic revitalization. That project, along with development of plans to increase available parking, will further bolster the City's financial position. Combined, the projects will be the cornerstone of the City's future economic growth.

The City continues to monitor both revenues and expenditures, while cautiously preparing to accommodate economic changes and fulfilling the commitment to maintaining its financial sustainability.

G. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Idaho Springs's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

City Administrator
City of Idaho Springs
1711 Miner St.
PO Box 907
Idaho Springs, CO 80452

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Holscher, Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

City Council
City of Idaho Springs
Idaho Springs, Colorado

Independent Auditors' Report

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Idaho Springs, Colorado, as of and for the year ended December 31, 2016 and the related notes to the financial statements which collectively comprise the basic financial statements of the City, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

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Opinion

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 Idaho Springs, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Idaho Springs, Colorado's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M10 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 41 - 43 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. In addition, the combining and individual fund schedules on pages 44 - 47 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* is presented on pages 48 - 49 for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, CO
May 31, 2017

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BASIC FINANCIAL STATEMENTS

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	$ 5,455,782	$ 1,177,145	$ 6,632,927
Restricted Cash and Investments	15,740,235	526,037	16,266,272
Receivables			
Property Tax Receivable	144,918	-	144,918
Utility Receivable	-	295,917	295,917
Other Receivables	372,916	-	372,916
Internal Balances	274,023	-	274,023
Total Current Assets	21,987,874	1,999,099	23,986,973
Noncurrent Assets			
Capital Assets not being Depreciated	9,387,916	404,707	9,792,623
Capital Assets being Depreciated	5,436,834	20,772,193	26,209,027
Accumulated Depreciation	(3,331,335)	(12,662,878)	(15,994,213)
Net Pension Asset	1,147	-	1,147
Total Noncurrent Assets	11,494,562	8,514,022	20,008,584
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Pension Contribution Timing	36,710	-	36,710
Pension Investment Earnings Timing	58,357	-	58,357
Pension Benefits Timing	9,274	-	9,274
Pension Change in Assumptions	17,710	-	17,710
Pens External Change in %	12,389	-	12,389
TOTAL DEFERRED OUTFLOWS	134,440	-	134,440
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 33,616,876	$ 10,513,121	$ 44,129,997
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 221,338	$ 26,215	$ 247,553
Accrued Salaries and Benefits	16,697	5,542	22,239
Retainage Payable	187,807	-	187,807
Deposits and Escrow	3,843	-	3,843
Accrued Interest Payable	-	37,356	37,356
Total Current Liabilities	429,685	69,113	498,798
Noncurrent Liabilities			
Advacnes from Other Funds	-	25,851	25,851
Due within one year	30,000	206,616	236,616
Due in more than one year	161,370	1,734,588	1,895,958
Total Noncurrent Liabilities	191,370	1,941,204	2,132,574
TOTAL LIABILITIES	621,055	2,010,317	2,631,372
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	144,918	-	144,918
Pension Investment Earnings Timing	1,354	-	1,354
TOTAL DEFERRED INFLOWS	146,272	-	146,272
NET POSITION			
Net Investment in Capital Assets	11,378,415	6,846,840	18,225,255
Restricted Net Position	15,403,041	99,576	15,502,617
Unrestricted Net Position	6,068,093	1,556,388	7,624,481
TOTAL NET POSITION	32,849,549	8,502,804	41,352,353
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 33,616,876	$ 10,513,121	$ 44,129,997

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

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CITY OF IDAHO SPRINGS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	$ 667,327	$ 132,426	$ 94,218	$ -
Public Safety	1,181,625	132,591	-	-
Public Works	648,136	15,570	132,029	-
Culture and Recreation	109,180	-	9,773	-
TOTAL GOVERNMENT ACTIVITIES	2,606,268	280,587	236,020	-
Business-type Activities				
Current:				
Water	839,361	722,255	-	29,716
Wastewater	706,263	645,605	-	5,000
TOTAL BUSINESS-TYPE ACTIVITIES	1,545,624	1,367,860	-	34,716
TOTAL GOVERNMENT	$ 4,151,892	$ 1,648,447	$ 236,020	$ 34,716
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
$ (440,683)	$ -	$ (440,683)
(1,049,034)	-	(1,049,034)
(500,537)	-	(500,537)
(99,407)	-	(99,407)
(2,089,661)	-	(2,089,661)
-	(87,390)	(87,390)
-	(55,658)	(55,658)
-	(143,048)	(143,048)
(2,089,661)	(143,048)	(2,232,709)
143,021	-	143,021
8,558	-	8,558
2,504,686	-	2,504,686
83,168	-	83,168
145,149	9,740	154,889
(16,345)	-	(16,345)
-	6,435	6,435
27,695	-	27,695
(15,493)	-	(15,493)
2,880,439	16,175	2,896,614
790,778	(126,873)	663,905
32,058,771	8,629,677	40,688,448
$ 32,849,549	$ 8,502,804	$ 41,352,353

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CITY OF IDAHO SPRINGS, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	General Fund	Sales Tax Improvement Fund	RAMP Fund	Nonmajor Conservation Trust Fund
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	$ 2,244,050	$ 3,211,732	$ -	$ -
Restricted Cash and Investments	104,828	-	15,613,988	21,419
Receivables				
Property Tax Receivable	144,918	-	-	-
Other Receivables	192,188	180,728	-	-
Internal Balances	145,232	128,791	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 2,831,216	$ 3,521,251	$ 15,613,988	$ 21,419
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 36,379	$ 37,253	$ 147,706	$ -
Accrued Salaries and Benefits	16,697	-	-	-
Retainage Payable	-	-	187,807	-
Deposits and Escrow	3,843	-	-	-
TOTAL LIABILITIES	56,919	37,253	335,513	-
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	144,918	-	-	-
FUND BALANCE				
Nonspendable Fund Balance	145,232	128,791	-	-
Restricted Fund Balance	102,000	-	15,278,475	21,419
Committed Fund Balance	336,824	3,355,207	-	-
Unassigned Fund Balance	2,045,323	-	-	-
TOTAL FUND BALANCE	2,629,379	3,483,998	15,278,475	21,419
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 2,831,216	$ 3,521,251	$ 15,613,988	$ 21,419

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

Total	
2016	2015
$ 5,455,782	$ 4,795,490
15,740,235	21,584,641
144,918	143,660
372,916	349,313
274,023	298,869
$ 21,987,874	$ 27,171,973
$ 221,338	$ 173,439
16,697	8,993
187,807	-
3,843	11,976
429,685	194,408
144,918	143,660
274,023	298,869
15,401,894	21,361,052
3,692,031	3,007,952
2,045,323	2,166,032
21,413,271	26,833,905
$ 21,987,874	$ 27,171,973

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CITY OF IDAHO SPRINGS, COLORADO

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2016

Fund Balance - Governmental Funds		$ 21,413,271
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	$ 9,387,916	
Capital assets, being depreciated	5,436,834	
Accumulated depreciation	(3,331,335)	11,493,415
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension asset	1,147	
Contributions subsequent to measurement date	36,710	
Difference between projected and actual investment returns on the pension plan	74,755	
Amortization of the investment return difference	(16,398)	
Difference between projected and actual pension plan experience	10,281	
Amortization of the experience difference	(1,007)	
Change in Assumptions	19,666	
Amortization of Change in Assumptions	(1,956)	
Change in proportionate share of the net pension liability	13,790	
Amortization of the change in proportion	(1,401)	
Difference between projected and actual investment returns on the pension plan	(1,671)	
Amortization of the investment return difference	317	
		134,233
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable	(115,000)	
Accrued compensated absences	(76,370)	(191,370)
Total Net Position - Governmental Activities		$ 32,849,549

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

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	General Fund	Sales Tax Improvement Fund	RAMP Fund	Nonmajor Conservation Trust Fund	Total 2016	Total 2015
REVENUES						
Taxes	$ 1,519,295	$ 1,220,138	$ -	$ -	$ 2,739,433	$ 2,596,911
Intergovernmental Revenues	201,248	25,000	-	9,773	236,021	22,249,048
Licenses and Permits	82,655	-	-	-	82,655	120,091
Fines and Forfeits	132,591	-	-	-	132,591	144,878
Charges for Services	65,341	-	-	-	65,341	44,562
Investment Earnings	15,217	10,373	118,340	1,217	145,147	42,117
Other Revenues	27,696	-	-	-	27,696	275,263
TOTAL REVENUES	2,044,043	1,255,511	118,340	10,990	3,428,884	25,472,870
EXPENDITURES						
Current:						
General Government	651,741	-	-	-	651,741	437,424
Public Safety	956,667	-	-	-	956,667	880,722
Public Works	332,327	-	-	-	332,327	300,308
Parks, Recreation and Other	96,257	-	-	-	96,257	94,878
Capital Outlay	18,687	590,358	6,109,572	50,916	6,769,533	1,628,383
Debt Service	-	27,500	-	-	27,500	7,500
TOTAL EXPENDITURES	2,055,679	617,858	6,109,572	50,916	8,834,025	3,349,215
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(11,636)	637,653	(5,991,232)	(39,926)	(5,405,141)	22,123,655
OTHER FINANCING SOURCES (USES)						
Transfers (In)	25,000	5,000	-	-	30,000	25,000
Transfers (Out)	(15,493)	-	-	(30,000)	(45,493)	(202,190)
TOTAL OTHER FINANCING SOURCES (USES)	9,507	5,000	-	(30,000)	(15,493)	(177,190)
NET CHANGE IN FUND BALANCE - GAAP BASIS	(2,129)	642,653	(5,991,232)	(69,926)	(5,420,634)	21,946,465
FUND BALANCE, BEGINNING	2,631,508	2,841,345	21,269,707	91,345	26,833,905	4,887,440
FUND BALANCE, ENDING	$ 2,629,379	$ 3,483,998	$ 15,278,475	$ 21,419	$ 21,413,271	$ 26,833,905

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

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CITY OF IDAHO SPRINGS, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Change in Fund Balance - Governmental Funds		$ (5,420,634)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	6,398,640	
Depreciation Expense	(197,526)	6,184,769
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	10,568	
Current year projected to actual investment return difference	64,637	
Current year amortization of overall investment return differences	(14,392)	
Change in net pension asset/liability	(84,562)	
Current year projected to actual pension plan experience difference	12,232	
Current year amortization of overall experience differences	(1,192)	
Change in the changes of assumptions	17,710	
Current year change in proportionate share of cost-sharing plan asset/liability	13,237	
Current year amortization of overall proportionate share differences	(1,349)	16,889
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on capital leases	27,500	
Change in accrued compensated absences	(17,746)	9,754
Change in Net Position - Governmental Activities		$ 790,778

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

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	Business-type Activities		Total	
	Water Funds	Wasterwater Funds	2016	2015
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	$ 602,409	$ 574,736	$ 1,177,145	$ 1,474,266
Restricted Cash and Investments	526,037	-	526,037	577,991
Receivables				
Utility Receivable	150,219	145,698	295,917	278,932
Other Receivables	-	-	-	3,079
Total Current Assets	1,278,665	720,434	1,999,099	2,334,268
Noncurrent Assets				
Capital Assets not being depreciated	23,671	381,036	404,707	366,699
Capital Assets being depreciated	12,361,776	8,410,417	20,772,193	20,479,169
Accumulated Depreciation	(7,320,970)	(5,341,908)	(12,662,878)	(12,160,775)
Total Noncurrent Assets	5,064,477	3,449,545	8,514,022	8,685,093
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 6,343,142	$ 4,169,979	$ 10,513,121	$ 11,019,361
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 8,203	$ 18,012	$ 26,215	$ 71,722
Accrued Salaries and Benefits	2,771	2,771	5,542	3,034
Accrued Interest Payable	37,356	-	37,356	45,304
Total Current Liabilities	48,330	20,783	69,113	120,060
Noncurrent Liabilities				
Due within one year	192,398	14,218	206,616	170,005
Due in more than one year	1,598,094	136,494	1,734,588	2,099,619
Total Noncurrent Liabilities	1,790,492	150,712	1,941,204	2,269,624
TOTAL LIABILITIES	1,838,822	171,495	2,010,317	2,389,684
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
NET POSITION				
Net Investment in Capital Assets	3,397,295	3,449,545	6,846,840	6,714,338
Restricted Net Position	57,633	41,943	99,576	106,967
Unrestricted Net Position	1,049,392	506,996	1,556,388	1,808,372
TOTAL NET POSITION	4,504,320	3,998,484	8,502,804	8,629,677
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 6,343,142	$ 4,169,979	$ 10,513,121	$ 11,019,361

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

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Enterprise Funds			
	Water Funds	Wastewater Funds	Total 2016	Total 2015
Operating Revenues				
Utility Charges	$ 722,255	$ 645,605	$ 1,367,860	$ 1,406,349
Operating Expenses				
Collection, Transmission and Distribution	374,467	-	374,467	334,029
Production and Treatment	-	462,430	462,430	451,864
Depreciation Expense	283,897	218,206	502,103	495,317
Other Capital Outlay	102,147	21,378	123,525	291,229
Total Expenditures	760,511	702,014	1,462,525	1,572,439
Operating Income (Loss)	(38,256)	(56,409)	(94,665)	(166,090)
Other Income (Expense)				
Investment Earnings	4,870	4,870	9,740	3,015
Other Revenue	351	6,084	6,435	5,300
Interest Expense	(78,850)	(4,249)	(83,099)	(96,699)
Total Other Income (Expense)	(73,629)	6,705	(66,924)	(88,384)
Net Income (Loss) before Transfers	(111,885)	(49,704)	(161,589)	(254,474)
Transfers				
Transfers In/(Out)	-	-	-	161,690
Net Income (Loss)	(111,885)	(49,704)	(161,589)	(92,784)
Contributed Capital				
Plant Investment Fees	15,000	5,000	20,000	5,000
Intergovernmental Revenue	14,716	-	14,716	95,581
Total Contributed Capital	29,716	5,000	34,716	100,581
Change in Net Position	(82,169)	(44,704)	(126,873)	7,797
Net Position, Beginning	4,586,489	4,043,188	8,629,677	8,621,880
Net Position, Ending	$ 4,504,320	$ 3,998,484	$ 8,502,804	$ 8,629,677

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

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CITY OF IDAHO SPRINGS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Business-type Activities			
	Water Funds	Wastewater Funds	Total 2016	Total 2015
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 721,823	$ 632,132	$ 1,353,955	$ 1,426,466
Cash Paid to Suppliers	(354,753)	(347,528)	(702,281)	(833,615)
Cash Paid to Employees	(150,588)	(150,554)	(301,142)	(263,031)
Net Cash Provided by Operating Activities	216,482	134,050	350,532	329,820
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	15,000	5,000	20,000	5,000
Debt Principal Payments	(191,580)	(111,993)	(303,573)	(293,261)
Grant Proceeds	14,716	-	14,716	95,581
Interest Payments	(84,229)	(6,818)	(91,047)	(112,352)
Acquisition of Capital Assets	-	(331,031)	(331,031)	(487,468)
Cash Flows Used by Capital and Related Financing Activities	(246,093)	(444,842)	(690,935)	(792,500)
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(11,181)	(13,666)	(24,847)	137,808
Other Revenues (Expense)	351	6,084	6,435	5,300
Net Cash Provided (Used) by Noncapital Financing Activities	(10,830)	(7,582)	(18,412)	143,108
Cash Flows (Uses) From Investing Activities:				
Interest Received	4,870	4,870	9,740	3,015
Net Increase (Decrease) in Cash	(35,571)	(313,504)	(349,075)	(316,557)
Cash - Beginning	1,164,017	888,240	2,052,257	2,368,814
Cash - Ending	$ 1,128,446	$ 574,736	$ 1,703,182	$ 2,052,257
Cash	$ 602,409	$ 574,736	$ 1,177,145	$ 1,474,266
Restricted Cash and Investments	526,037	-	526,037	577,991
Total	$ 1,128,446	$ 574,736	$ 1,703,182	$ 2,052,257
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	$ (38,256)	$ (56,409)	$ (94,665)	$ (166,090)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	283,897	218,206	502,103	495,317
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(2,005)	(14,979)	(16,984)	23,196
Other Receivables	1,573	1,506	3,079	(3,079)
(Increase) Decrease in:				
Accounts Payable	(29,980)	(15,527)	(45,507)	(7,596)
Accrued Salaries and Benefits	1,253	1,253	2,506	(11,928)
Total Adjustments	254,738	190,459	445,197	495,910
Net Cash Used for Operating Activities	$ 216,482	$ 134,050	$ 350,532	$ 329,820

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

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	Police Pension Fund	Hansen's Cemetery Trust Fund	Total 2016	Total 2015
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Restricted Cash and Investments	$ 1,163	$ 9,404	$ 10,567	$ 9,993
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
NET POSITION				
Restricted Net Position	$ 1,163	$ 9,404	$ 10,567	$ 9,993

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Police Pension Fund	Hansen's Cemetery Trust Fund	Total 2016	Total 2015
Additions				
Transfers In	$ 15,493	$ -	$ 15,493	$ 15,500
Deductions				
Pension Benefits	14,919	-	14,919	14,918
Change in Net Position	574	-	574	582
Net Position, Beginning	589	9,404	9,993	9,411
Net Position, Ending	$ 1,163	$ 9,404	$ 10,567	$ 9,993

See accompanying Independent Auditors' Report.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The City is a political subdivision of the State of Colorado which is governed by an elected mayor and six-member City Council. The accounting policies of the City of Idaho Springs, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles.

REPORTING ENTITY

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the City.

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 of the activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASURMENT 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 pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

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, are recorded only when payment is due.

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

In the fund financial statements, the City reports the following major governmental funds:

General Fund
The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and City administration.

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

MEASURMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Special Revenue Fund:
This fund accounts for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The City's special revenue fund is as follows:

Conservation Trust Fund (Nonmajor Fund)
This fund accounts for funds received through the State of Colorado Lottery/ Conservation Trust Fund program. These funds are required through state statute to be spent on parks and recreation. This is a nonmajor fund.

Capital Project Funds:

Sales Tax Capital Improvement Fund
This fund accounts for one half of the City's sales and use tax revenues that are used to finance the acquisition, construction, and improvement of capital assets and for the related debt service.

RAMP Fund
This fund is used to account for the devolution of Colorado Boulevard from the State of Colorado and related payment for reconstruction and ongoing maintenance of the roadway.

Proprietary Funds

The City also reports the following major proprietary funds:

Water and Wastewater Funds

These funds account for the financial activities associated with the related services.

Fiduciary Funds
Additionally, the City reports fiduciary funds to account for assets held by the City in a trustee capacity for employees and organizations

CASH AND INVESTMENTS
For purposes of the statement of cash flows, cash equivalents are defined as all bank account balances and investments with maturities of thirty days or less. Investments are recorded at fair value.

PROPERTY TAXES
Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

MEASURMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

PROPERTY TAXES (Continued)
Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding unavailable revenue (deferred inflow) are recorded at December 31. As the tax is collected in the succeeding year, the unavailable revenue is recognized as revenue and the receivable is reduced.

ACCOUNTS RECEIVABLE
Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is warranted for any fund.

INVENTORY
All inventories are valued at cost using the first-in/first-out (FIFO) method in proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased.

PREPAID ITEMS
Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

CAPITAL ASSETS
Capital assets, which include property, plant, equipment, and infrastructure assets 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 $5,000 and an estimated useful life in excess of one year. The City also capitalizes all acquisitions of land and buildings without a minimum. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives.

Infrastructure	20 - 40 years
Buildings and Improvements	15 - 40 years
Vehicles and Equipment	5 - 15 years

The City has elected to not retroactively report infrastructure.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCUMULATED UNPAID LEAVE (COMPENSATED ABSENCES)
Personal Time Off (PTO) accumulates at a rate based on length of employment, up to a maximum accrual in one year of 25 days. Maximum carryover is twice what is earned in one year. PTO is paid out at the regular pay rate upon termination. PTO may be used for vacation, sick leave or personal business.

It is the City's policy to permit employees to accumulate earned but unused PTO benefits. In the government-wide statements, PTO pay is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, PTO pay that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable, available financial resources are not reported as expenditures but are reported as long term liabilities in the governmental activity presentation.

LONG-TERM OBLIGATIONS
In the government-wide financial statements, and proprietary fund type 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 amortized over the life of the bonds.

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 are reported as other financing used. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

INTERFUND TRANSACTIONS
Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end, outstanding balances between funds are reported as internal balances. All amounts moved between funds, either as routine or non-routine, are reported as transfers in or out.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES
In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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 reports deferred inflows related to taxes levied in 2016 to be collected in 2017

NET POSITION/FUND BALANCES
In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCES (Continued)
For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The City currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City currently has no assigned fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

NET POSITION/FUND EQUITY FLOW ASSUMPTIONS
Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25 the County Assessor forwards certification of assessed valuation to the City. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the City Council a proposed budget by October 15. Upon receipt of the proposed budget, the City Council shall publish a notice showing the proposed budget is open for inspection by the public and the date the City will consider adoption of such proposed budget.

By December 15, the City Council certifies to County Commissioners the mill levy against the assessed valuation.

Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days.

Expenditures may not legally exceed budgeted appropriations at the fund level.

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NOTE 3: CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2016 is as follows:

Petty Cash	$	550
Cash Deposits		6,202,472
Investments		16,706,744
Total Cash and Investments	$	22,909,766

This balance is presented in the financial statements as follows:

Cash and Investments	$	6,632,927
Restricted Cash and Investments		16,266,272
Fiduciary Cash and Investments		10,567
Total Cash and Investments	$	22,909,766

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

NOTE 3: CASH AND INVESTMENTS

DEPOSITS (Continued)

Custodial Credit Risk – Deposits (Continued)

Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2015, all of the City's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2016 were as follows:

	Bank Balance	Book Balance
FDIC Insured	$ 500,000	$ 500,000
PDPA Collateralized not in City's Name	6,451,426	5,702,472
Total Cash Deposits	$ 6,951,426	$ 6,202,472

INVESTMENTS

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The City does not have an investment policy that would further limit its investment choices.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Total
Investment Pools	$ -	$ 16,706,744	$ -	$ 16,706,744

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NOTE 3: **CASH AND INVESTMENTS** (Continued)

INVESTMENTS (Continued)

Credit Risk

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools - Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The City recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the City's assets and liabilities.

For the year ended December 31, 2016, the City had invested $16,706,744 in the Colorado Government Liquid Asset Trust (COLOTRUST) and in the Colorado Surplus Asset Fund Trust (CSAFE); investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. The pool operated similarly to a money market fund and each share vale is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust and CSAFE are both rated AAAm by Standard and Poor's

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The City's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the City's custodial credit risk is related to the investments in Colotrust and CSAFE,

RESTRICTED CASH

The City has restricted cash and set aside equity as follows:

Restricted - Cemetery	$ 104,828
Restricted - Conservation Trust	21,419
Restricted - Colorado Blvd Project	15,613,988
Restricted - Rate Stabilization and O&M Reserve	526,037
Total Restricted Cash and Investments	$ 16,266,272

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NOTE 4: CAPITAL ASSETS

A summary of the City's governmental capital asset transactions for the year are as follows:

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated				
Land	$ 2,548,046	$ -	$ -	$ 2,548,046
Water Rights	8,000	-	-	8,000
Construction in Progress	671,341	6,176,874	16,345	6,831,870
Total Capital Assets Not Being Depreciated	3,227,387	6,176,874	16,345	9,387,916
Capital Assets Being Depreciated				
Buildings	1,697,308	16,345	-	1,713,653
Improvements Other Than Buildings	1,690,446	93,400	-	1,783,846
Equipment	1,827,314	112,021	-	1,939,335
Total Capital Assets Being Depreciated	5,215,068	221,766	-	5,436,834
Accumulated Depreciation				
Buildings	(846,020)	(33,513)	-	(879,533)
Improvements Other Than Buildings	(744,603)	(101,110)	-	(845,713)
Equipment	(1,543,186)	(62,903)	-	(1,606,089)
Total Accumulated Depreciation	(3,133,809)	(197,526)	-	(3,331,335)
Net Govermental Capital Assets	$ 5,308,646	$ 6,201,114	$ 16,345	$ 11,493,415

Depreciation has been allocated to the various governmental functions as follows:

General Government	$ 24,795
Public Safety	41,642
Public Works	92,656
Parks, Recreation and Other	38,433
Total Depreciation	$ 197,526

A summary of the City's business-type capital asset transactions for the year are as follows:

NOTE 4: CAPITAL ASSETS(Continued)

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Capital Assets Not Being Depreciated				
Land - Water	$ 13,231	$ -	$ -	$ 13,231
Land - Wastewater	50,005	-	-	50,005
Water Rights	10,440	-	-	10,440
Construction in Progress - Wastewater	-	331,031	-	331,031
Construction in Progress - Water	293,023	-	293,023	-
Total Capital Assets Not Being Depreciated	366,699	331,031	293,023	404,707
Capital Assets Being Depreciated				
Improvements Other Than Buildings - Water	11,777,112	293,023	-	12,070,135
Improvements Other Than Buildings - Wastewater	8,141,312	-	-	8,141,312
Equipment - Water	291,640	-	-	291,640
Equipment - Wastewater	269,105	-	-	269,105
Total Capital Assets Being Depreciated	20,479,169	293,023	-	20,772,192
Accumulated Depreciation				
Improvements Other Than Buildings - Water	(6,881,879)	(271,527)	-	(7,153,406)
Improvements Other Than Buildings - Wastewater	(4,923,983)	(201,308)	-	(5,125,291)
Equipment - Water	(155,194)	(12,370)	-	(167,564)
Equipment - Wastewater	(199,719)	(16,898)	-	(216,617)
Total Accumulated Depreciation	(12,160,775)	(502,103)	-	(12,662,878)
Net Business-type Capital Assets	$ 8,685,093	$ 121,951	$ 293,023	$ 8,514,021

Depreciation has been allocated to the various business-type activities as follows:

Water	$ 283,897
Wastewater	218,206
Total Depreciation	$ 502,103

NOTE 5: INTERNAL BALANCES AND TRANSFERS

The City made the following routine transfer during the year:

	Transfers	
	To	From
General Fund	$ 25,000	$ 15,493
Sales Tax Improvement Fund	30,000	25,000
Conservation Trust	-	30,000
Police Pension	15,493	-
	$ 70,493	$ 70,493

Advances

The General Fund, though normal operation and its stormwater function, as well as the Sales Tax Improvement Fund loaned funds to the Water and Wastewater Funds. These loans are being repaid in semiannual installments with interest accruing at 4%. Outstanding balances at December 31, 2015 were as follows:

	Advance	
	To	From
General Fund	$ 145,232	$ -
Sales Tax Improvement Fund	128,790	-
Water Fund	-	123,310
Wastewater Fund	-	150,712
	$ 274,022	$ 274,022

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NOTE 6: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

Changes in business-type activity long-term debt are as follows:

	Balance 12/31/2015	Advances	Repayments	Balance 12/31/2016	Current Portion
Governmental Activities					
Capital Lease Payable	$ 142,500	$ -	$ 27,500	$ 115,000	$ 30,000

NOTE 6: LONG-TERM DEBT (Conintiued)

GOVERNMENTAL ACTIVITIES (Continued)

In October 2015, the City entered into a lease agreement for the purchase of real property. The lease requires 60 monthly payments of $2,500 commencing November 1, 2015. The lease does not bear interest. The property has been capitalized as a land investment with a value of $150,000. Payments are due as follows:

Year	Total
2017	$ 30,000
2018	30,000
2019	30,000
2020	30,000
Total Future Minimum Lease Payments	120,000
Less: Interest at 0%	-
Present Value of Lease Payments	$ 120,000

BUSINESS-TYPE ACTIVITIES

Changes in business-type activity long-term debt are as follows:

	Balance 12/31/2015	Advances	Repayments	Balance 12/31/2016	Current Portion
Business-type Activities					
1996 CWRPDA Note - Wastewater	$ 111,993	$ -	$ 111,993	$ -	$ -
1997 CWRPDA Note - Water	56,577	-	37,296	19,281	19,280
2000 CWCB Note - Water	726,205	-	25,814	700,391	27,105
2002 CWCB Note - Water	129,051	-	7,351	121,699	7,756
2002 CWRPDA Note - Water	946,930	-	121,119	825,811	126,624
Advance from Other Funds - Water	134,491	-	11,181	123,310	11,633
Advance from Other Funds - Wastewater	164,378	-	13,666	150,712	14,218
Total Business-type Activities	$ 2,269,625	$ -	$ 328,420	$ 1,941,204	$ 206,616

1996 Colorado Water Resources and Power Development Authority Note Payable
On June 1, 1996, the City entered into a $1,541,237 loan agreement with the Colorado Water Resource and Power Development Authority for improvement to its wastewater treatment plant and collection facilities. The note is payable in 39 semi-annual installments of $40,820 to $63,831, including interest at 3.99%. The note is secured by the net revenues of the combined water and wastewater system. The note was paid off during the fiscal year.

1997 Colorado Water Resources and Power Development Authority Note Payable
On October 15, 1997, the City entered into a $500,000 loan agreement with the Colorado Water Resource and Power Development Authority for improvement to its water treatment plant and distribution facilities. The note is payable in 39 semi-annual installments of $19,714, including interest at 4.5%. The note is secured by the net revenues of the combined water and wastewater system.

NOTE 6: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

2000 Colorado Water Conservation Board Note Payable
On December 20, 2000, the City entered into a $955,000 loan agreement with the Colorado Water Resource and Power Development Authority for improvement to its water system. The note is payable in 31 annual installments of $62,124, including interest at 5%. The note is secured by the net revenues of the combined water and wastewater system.

2002 Colorado Water Conservation Board Note Payable
On March 1, 2002, the City amended the 2000 CWCB note payable to borrow an additional $210,000. The note is payable in 25 annual installments of $14,449, including interest at 5.5%. The note is secured by the net revenues of the combined water and wastewater system.

2002 Colorado Water Resources and Power Development Authority Note Payable On April 1, 2002 the City entered into a $2,339,797 loan agreement with the Colorado Water Resource and Power Development Authority for improvement to its water system. The note is payable in 41 semi-annual installments of ranging from $29,291 to $85,484, including interest at 3.99% through August 2022. The note is secured by the net revenues of the combined water and wastewater system.

Future debt service on the business-type activities loans is as follows:

Fiscal Year	Principal	Interest	Total
2017	$ 180,765	$ 70,226	$ 250,991
2018	168,772	67,267	236,039
2019	170,645	62,394	233,039
2020	178,119	52,839	230,958
2021	185,694	46,024	231,718
2022-2026	401,872	131,468	533,339
2027-2031	265,802	68,335	334,137
2032-2033	115,513	8,736	124,248
Total	$ 1,667,182	$ 507,289	$ 2,174,469

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NOTE 6: **LONG-TERM DEBT** (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Coverage for the rate maintenance agreement and calculation of the three-month operation reserve requirement is as follows:

	Water
Gross Charges for Services	$ 722,255
Operating Expenses	
Transmission and Distribution	374,467
Wastewater Treatment	-
Wastewater Treatment	102,147
Total Operating Expenses	476,614
Net Operating Revenues	245,640
Debt Service	
1996 CWRPDA Wastewater Loan	-
1997 CWRPDA Water Loan	39,428
2000 CWCB Water Loan	62,124
2002 CWCB Water Loan	14,449
2002 CWRPDA Loan	154,540
Total Debt Service	270,541
Debt Coverage Ratio 110%	297,595
Excess (Shortfall)	(51,954)
Beginning Rate Stabilization	577,991
Ending Rate Stabilization	$ 526,037
2016 Operating Budget	$ 750,136
3 Month Required O & M Reserve	$ 187,534

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NOTE 7: RETIREMENT COMMITMENTS

Statewide Defined Benefit Plan - FPPA
Summary of Significant Accounting Policies

Pensions. The City participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the City are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2014, that can be obtained at:
http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf.

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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NOTE 7: RETIREMENT COMMITMENTS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

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NOTE 7: RETIREMENT COMMITMENTS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Contributed)
Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the City were $26,142 for the plan year ended December 31, 2015 and $36,710 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2017 for FPPA purposes and are a timing difference at year end.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At December 31, 2016, the City reported an asset of $1,147 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The City's proportion of the net pension asset was based on City's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB.

At December 31, 2015, the City's proportion was .065043%, which was a decrease of .011519% from its proportion measured as of December 31, 2014.

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NOTE 7: RETIREMENT COMMITMENTS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

For the year ended December 31, 2016, the City recognized pension expense of $17,490. At December 31, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 9,274	$ (1,355)
Changes of assumptions or other inputs	$ 18,010	$ -
Net difference between projected and actual earnings on pension plan investments	$ 58,358	$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	$ -	$ 12,389
Contributions subsequent to the measurement date	$ 36,710	$ -
Total	$ 122,352	$ 11,034

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$36,710 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2017.

NOTE 7: RETIREMENT COMMITMENTS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

Year Ended December 31:	Amortization Amount
2017	$ (19,105)
2018	$ (19,105)
2019	$ (19,105)
2020	$ (17,659)
2021	$ (4,154)
Thereafter	$ (17,548)
Total	$ (96,676)

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Price inflation	2.80%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Salary increase, including wage inflation	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

Mortality rates were based on the RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees projected with Scale BB is used in the projection of post-retirement benefits for members under 55. For post-retirement members 65 and older, the RP-2014 Mortality Tables for Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55-64, a blend of the previous tables is used.

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NOTE 7: **RETIREMENT COMMITMENTS** (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study adopted by FPPA's Board in July 2015. The assumption changes were effective for actuarial valuations beginning January 1, 2016. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

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

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

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NOTE 7: **RETIREMENT COMMITMENTS** (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7 .50%.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	$ (160,624)	$ 1,147	$ 135,330

Police Pension (City)
The City sponsors and administers a police pension plan, having one participant at December 31, 2016. No independent actuarial study has been made. However, alternative methods were used to determine that no amounts were due as of December 31, 2016.

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NOTE 7: RETIREMENT COMMITMENTS (Continued)

Deferred Compensation Plan
The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. The City matches employee contributions up to 5% of eligible salary, however, no match is provided to police officers covered by FPPA. During the year ended December 31, 2016, the City's contributions were $14,919, equal to the required contribution. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 8: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS

TAX SPENDING AND DEBT LIMITATIONS

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, 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, all local governments, and special districts.

The City's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the City's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At a November 4, 2008 election, the residents voted to authorize the City to retain all revenues, in excess of TABOR and statutory limits from all sources in 2008 and subsequent years, and spend the same for streets, curbs and gutters, water and sewer utilities under said streets, drainage and asphalt associated with said street work.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The City's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2016 in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the City has reserved/restricted the following for emergencies:

General Fund	$ 102,000

Other Restrictions and Commitments
The City has restricted or committed other amounts as further described in Note 3.

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NOTE 9: COMMITMENTS AND CONTINGENCIES

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

NOTE 10: RISK MANAGEMENT

The City of Idaho Springs, Colorado carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The City of Idaho Springs, Colorado carries property, liability and bond coverage through Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability property, and workers' compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, and member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

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. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the entity.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

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CITY OF IDAHO SPRINGS

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
FPPA Pension Plan
Last 10 Fiscal Years[1]

	12/31/16	12/31/15	12/31/14
City's proportion of the net pension asset (liability)	0.065043%	0.075944%	0.076562%
City's proportionate share of the net pension asset (liability)	$ 1,147	$ 85,709	$ 68,461
City's covered-employee payroll	$ 315,313	$ 341,523	$ 332,541
City's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	0.36%	25.10%	20.59%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	106.83%	105.83%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

[1] - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS

SCHEDULE OF CITY'S CONTRIBUTIONS
FPPA Pension Plan
Last 10 Fiscal Years[1]

	12/31/16	12/31/15	12/31/14
Contractually required contributions	$ 25,225	$ 27,322	$ 26,603
Actual contributions	(25,225)	(27,322)	(26,603)
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered-employee payroll	$ 315,313	$ 341,523	$ 332,541
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

[1] - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF IDAHO SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2015 Actual
REVENUES					
Taxes					
Property Taxes	$ 138,000	$ 138,000	$ 143,021	$ 5,021	$ 134,206
Specific Ownership Taxes	8,000	8,000	8,558	558	8,016
Sales Taxes	1,097,000	1,097,000	1,284,548	187,548	1,223,623
Franchise Taxes	80,600	80,600	83,168	2,568	88,315
Total Tax Revenue	1,323,600	1,323,600	1,519,295	195,695	1,454,160
Intergovernmental Revenues					
Cigarette Taxes	5,000	5,000	6,080	1,080	5,977
Highway Users	60,650	60,650	66,154	5,504	64,946
Road and Bridge	82,000	82,000	65,874	(16,126)	61,814
Clerk/Motor Vehicle Fees	8,000	8,000	8,879	879	8,808
Severance Tax	50,000	50,000	53,962	3,962	138,067
State Grants	35,000	35,000	299	(34,701)	1,053
Total Intergovernmental Revenue	240,650	240,650	201,248	(39,402)	280,665
Licenses and Permits					
Liquor Licenses	6,100	6,100	9,786	3,686	5,991
Building Permits	30,000	30,000	11,438	(18,562)	23,078
Annexation/Other P&Z Fees	10,000	10,000	4,132	(5,868)	10,135
Business Licenses	16,000	16,000	26,074	10,074	18,213
Other Licenses	20,000	20,000	31,225	11,225	62,674
Total Licenses and Permits	82,100	82,100	82,655	555	120,091
Fines and Forfeits	212,000	212,000	132,591	(79,409)	144,878
Charges for Services					
Sales of Goods	-	-	2,000	2,000	500
Rents	28,800	28,800	53,346	24,546	39,105
Other Charges for Services	4,350	4,350	9,995	5,645	4,957
Total Charges for Services	33,150	33,150	65,341	32,191	44,562
Investment Earnings	21,675	21,675	15,217	(6,458)	9,453
Other Revenues					
Reimbursements and Refunds	300	300	252	(48)	4,998
Donations	750	750	150	(600)	160
Other Miscellaneous Revenue	18,900	18,900	27,294	8,394	45,105
Total Other Revenue	19,950	19,950	27,696	7,746	50,263
TOTAL REVENUES	1,933,125	1,933,125	2,044,043	110,918	2,104,072

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2015 Actual
(Continued)					
EXPENDITURES					
General Government					
Administrator/Manager	464,478	464,478	572,869	108,391	360,719
Economic Development	89,500	89,500	78,872	(10,628)	76,705
Total General Government	553,978	553,978	651,741	97,763	437,424
Public Safety					
Police	733,721	733,721	794,515	60,794	690,582
Fire	98,623	98,623	98,623	-	98,623
Municipal Court	48,703	48,703	48,505	(198)	46,574
Code Enforcement	35,000	35,000	15,024	(19,976)	44,943
Total Public Safety	916,047	916,047	956,667	40,620	880,722
Public Works					
Community Development	-	-	-	-	(975)
Streets	380,613	380,613	332,327	(48,286)	301,283
Total Public Works/Comm Devel	380,613	380,613	332,327	(48,286)	300,308
Parks, Recreation and Other					
Parks	123,477	123,477	94,213	(29,264)	94,603
Cemetery	25,000	25,000	2,044	(22,956)	275
Total Parks, Recreation & Other	148,477	148,477	96,257	(52,220)	94,878
Capital Outlay					
General Government Capital Outlay	51,600	51,600	10,321	41,279	4,606
Public Safety Capital Outlay	11,000	11,000	7,767	3,233	2,003
Public Works Capital Outlay	5,000	5,000	-	5,000	5,126
Parks, Recreation and Other Capital Outlay	5,000	5,000	599	4,401	599
Other Capital Outlay	100,000	100,000	-	100,000	-
Total Capital Outlay	172,600	172,600	18,687	153,913	12,334
TOTAL EXPENDITURES	2,171,715	2,171,715	2,055,679	191,790	1,725,666
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(238,590)	(238,590)	(11,636)	302,708	378,406
OTHER FINANCING SOURCES (USES)					
Transfers In	25,000	25,000	25,000	-	25,000
Transfers (Out)	(115,500)	(115,500)	(15,493)	(100,007)	(15,500)
TOTAL OTHER FINANCING SOURCES (USES)	(90,500)	(90,500)	9,507	(100,007)	9,500
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (329,090)	$ (329,090)	(2,129)	$ 202,701	387,906
FUND BALANCE, BEGINNING			2,631,508		2,243,602
FUND BALANCE, ENDING			$ 2,629,379		$ 2,631,508

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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CITY OF IDAHO SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE
Sales Tax Improvement Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2015 Actual
REVENUES					
Taxes					
Sales Taxes	$ 1,020,000	$ 1,020,000	$ 1,220,139	$ 200,139	$ 1,142,751
Intergovernmental Revenues					
Road and Bridge	60,000	60,000	-	(60,000)	60,195
State Grants	115,000	115,000	-	(115,000)	-
Other Intergovernmental	-	-	25,000	25,000	-
Total Intergovernmental Revenue	175,000	175,000	25,000	(150,000)	60,195
Investment Earnings	18,681	18,681	10,373	(8,308)	7,560
Other Revenues					
Other Miscellaneous Revenue	-	-	-	-	75,000
TOTAL REVENUES	1,213,681	1,213,681	1,255,512	41,831	1,285,506
EXPENDITURES					
General Government Capital Outlay	238,400	238,400	137,486	100,914	784,863
Public Safety Capital Outlay	222,200	222,200	269,701	(47,501)	49,856
Public Works Capital Outlay	810,000	810,000	82,961	727,039	126,334
Parks, Recreation and Other Capital Outlay	145,000	145,000	100,211	44,789	-
Total Capital Outlay	1,415,600	1,415,600	590,359	825,241	961,053
Debt Service					
Principal	-	-	27,500	(27,500)	7,500
Contingency Reserve	312,943	312,943	-	312,943	-
TOTAL EXPENDITURES	1,728,543	1,728,543	617,859	1,110,684	968,553
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(514,862)	(514,862)	637,653	1,152,515	316,953
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	150,000
Transfers In	135,000	135,000	5,000	130,000	-
Transfers (Out)	-	-	-	-	(186,690)
TOTAL OTHER FINANCING SOURCES (USES)	135,000	135,000	5,000	130,000	(36,690)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (379,862)	$ (379,862)	642,653	$ 1,282,515	280,263
FUND BALANCE, BEGINNING			2,841,345		2,561,082
FUND BALANCE, ENDING			$ 3,483,998		$ 2,841,345

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE
RAMP Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2015 Actual
REVENUES					
Intergovernmental Revenues					
Other Intergovernmental	$ -	$ -	$ -	$ -	$ 21,900,000
Investment Earnings	30,000	30,000	118,340	88,340	24,703
TOTAL REVENUES	30,000	30,000	118,340	88,340	21,924,703
EXPENDITURES					
Capital Outlay					
Public Works Capital Outlay	11,406,000	11,406,000	6,109,572	5,296,428	654,996
Contingency Reserve	9,454,000	9,454,000	-	9,454,000	-
TOTAL EXPENDITURES	20,860,000	20,860,000	6,109,572	14,750,428	654,996
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (20,830,000)	$ (20,830,000)	(5,991,232)	$ 14,838,768	21,269,707
FUND BALANCE, BEGINNING			21,269,707		-
FUND BALANCE, ENDING			$ 15,278,475		$ 21,269,707

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	Nonmajor Conservation Trust Fund	Total 2016	Total 2015
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Restricted Cash and Investments	$ 21,419	$ 21,419	$ 91,345
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	$ 21,419	$ 21,419	$ 91,345

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Nonmajor Conservation Trust Fund	Total 2016	Total 2015
REVENUES			
Intergovernmental Revenues	$ 9,773	$ 9,773	$ 8,188
Investment Earnings	1,217	1,217	401
TOTAL REVENUES	10,990	10,990	8,589
EXPENDITURES			
Capital Outlay	50,916	50,916	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(39,926)	(39,926)	8,589
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	(69,926)	(69,926)	8,589
FUND BALANCE, BEGINNING	91,345	91,345	82,756
FUND BALANCE, ENDING	$ 21,419	$ 21,419	$ 91,345

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE
Nonmajor Conservation Trust Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2015 Actual
REVENUES					
Intergovernmental Revenues					
Cons Trust Fund Revenue	$ 8,500	$ 8,500	$ 9,773	$ 1,273	$ 8,188
Investment Earnings	300	300	1,217	917	401
TOTAL REVENUES	8,800	8,800	10,990	2,190	8,589
EXPENDITURES					
Capital Outlay					
Parks, Recreation and Other Capital Outlay	-	-	50,916	(50,916)	-
Contingency Reserve	46,588	46,588	-	46,588	-
TOTAL EXPENDITURES	46,588	46,588	50,916	(4,328)	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(37,788)	(37,788)	(39,926)	(2,138)	8,589
OTHER FINANCING SOURCES (USES)					
Transfers (Out)	(60,000)	(60,000)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (97,788)	$ (97,788)	(69,926)	$ (32,138)	8,589
FUND BALANCE, BEGINNING			91,345		82,756
FUND BALANCE, ENDING			$ 21,419		$ 91,345

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Water Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
Operating Revenues				
Utility Charges	$ 769,000	$ 722,255	$ (46,745)	$ 742,371
Operating Expenses				
Collection, Transmission and Distribution	418,690	374,467	44,223	334,029
Other Capital Outlay	313,000	102,147	210,853	641,641
Contingency Reserve	1,048,853	-	1,048,853	-
Total Expenditures	1,780,543	476,614	1,303,929	975,670
Operating Income (Loss)	(1,011,543)	245,641	1,257,184	(233,299)
Other Income (Expense)				
Investment Earnings	1,200	4,870	3,670	1,603
Other Revenue	1,150	351	(799)	1,300
Debt Service	(95,012)	(270,430)	(175,418)	(268,741)
Total Other Income (Expense)	(92,662)	(265,209)	(172,547)	(265,838)
Net Income (Loss) before Transfers	(1,104,205)	(19,568)	1,084,637	(499,137)
Transfers				
Transfers In/(Out)	(11,181)	-	11,181	94,950
Net Income (Loss), Budget Basis	(1,115,386)	(19,568)	1,095,818	(404,187)
Contributed Capital				
Plant Investment Fees	10,000	15,000	5,000	5,000
Intergovernmental Revenue	8,000	14,716	6,716	95,581
Total Contributed Capital	18,000	29,716	11,716	100,581
Change in Net Position (Budget Basis)	$ (1,097,386)	10,148	$ 1,107,534	(303,606)
Budget to GAAP Reconciliation				
Principal Paid		191,580		186,601
Depreciation Expense		(283,897)		(276,820)
Capital Outlay		-		472,674
Change in Net Position - GAAP Basis		(82,169)		78,849
Net Position, Beginning		4,586,489		4,507,640
Net Position, Ending		$ 4,504,320		$ 4,586,489

See accompanying Independent Auditors' Report.

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CITY OF IDAHO SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Wastewater Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
Operating Revenues				
Utility Charges	$ 688,000	$ 645,605	$ (42,395)	$ 663,978
Operating Expenses				
Production and Treatment	480,920	462,430	18,490	451,864
Other Capital Outlay	400,000	352,410	47,590	137,054
Contingency Reserve	404,986	-	404,986	-
Total Expenditures	1,285,906	814,840	471,066	588,918
Operating Income (Loss)	(597,906)	(169,235)	428,671	75,060
Other Income (Expense)				
Investment Earnings	600	4,870	4,270	1,412
Other Revenue	1,500	6,085	4,585	4,000
Debt Service	(12,605)	(116,243)	(103,638)	(121,219)
Total Other Income (Expense)	(10,505)	(105,288)	(94,783)	(115,807)
Net Income (Loss) before Transfers	(608,411)	(274,523)	333,888	(40,747)
Transfers				
Transfers In/(Out)	(13,666)	-	13,666	66,740
Net Income (Loss), Budget Basis	(622,077)	(274,523)	347,554	25,993
Contributed Capital				
Plant Investment Fees	5,000	5,000	-	-
Change in Net Position (Budget Basis)	$ (617,077)	(269,523)	$ 347,554	25,993
Budget to GAAP Reconciliation				
Principal Paid		111,993		106,660
Depreciation Expense		(218,206)		(218,497)
Capital Outlay		331,032		14,792
Change in Net Position - GAAP Basis		(44,704)		(71,052)
Net Position, Beginning		4,043,188		4,114,240
Net Position, Ending		$ 3,998,484		$ 4,043,188

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Idaho Springs YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of City of Idaho Springs	Prepared By: Sandy Bronson Phone: 303-567-4421

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	14,889
3. Other local imposts (from page 2)	65,409
4. Miscellaneous local receipts (from page 2)	123,626
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	203,924
B. Private Contributions	
C. Receipts from State government (from page 2)	6,184,604
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	6,388,528

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	6,109,572
2. Maintenance:	50,590
3. Road and street services:	
a. Traffic control operations	3,599
b. Snow and ice removal	9,477
c. Other	82,960
d. Total (a. through c.)	96,036
4. General administration & miscellaneous	
5. Highway law enforcement and safety	132,330
6. Total (1 through 5)	6,388,528
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	6,388,528

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
	6,388,528	6,388,528		0

Notes and Comments:

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

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	65,410	a. Interest on investments	39,740
b. Other local imposts:		b. Traffic Fines & Penalities	83,888
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	65,410	i. Total (a. through h.)	123,628
	(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	66,154	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	8,878	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (RAMP Funds)	6,109,572	f. Other Federal	0
f. Total (a. through e.)	6,118,450	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	6,184,604	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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		6,109,572	6,109,572
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	6,109,572	6,109,572
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	6,109,572	6,109,572
			(Carry forward to page 1)

Notes and Comments:

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FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE