



**Financial Statements  
December 31, 2016**

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

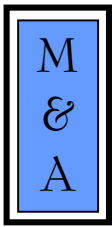
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## INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and City Council  
City of Yuma, Colorado**

### ***Report on the Financial Statements***

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

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

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

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

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statement presentation.

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

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Honorable Mayor and City Council**  
**City of Yuma**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Yuma, Colorado as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting principles 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.

**INDEPENDENT AUDITOR'S REPORT  
To the Honorable Mayor and City Council  
City of Yuma**

***Other Matters (continued)***

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and are not a required part of the City's financial statements. Such information has been subjected to the auditing procedures applied audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**McMahan and Associates, L.L.C.  
June 30, 2017**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## City of Yuma, Colorado

### Management's Discussion and Analysis December 31, 2016

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

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Yuma's basic financial statements. The City of Yuma's basic financial statements comprise 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 the City of Yuma's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Yuma that are principally supported by taxes and intergovernmental revenues (governmental activities) from those that charge for services (business-type activities). The governmental activities of the City of Yuma include general government, public safety, streets, and culture and recreation. The business-type activities of the City of Yuma include sanitation services, electric utility, water utility, wastewater (sewer) utility, and ambulance services.

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

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



## Overview of the Financial Statements (continued)

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

The City of Yuma adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages C3 through C5 of this report.

*Proprietary Funds.* The City of Yuma maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Yuma uses enterprise funds to account for its sanitation services, electric utility, water utility, wastewater (sewer) utility, and ambulance services.

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

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report.

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

The basic fiduciary fund financial statements can be found on pages C9 and C10 of this report.

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

## Government-wide Financial Analysis

### City of Yuma's Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	4,565,380	5,974,022	4,471,482	4,383,691	9,036,862	10,357,713
Capital assets	13,205,283	4,978,331	8,007,810	7,891,255	21,213,093	12,869,586
<b>Total assets</b>	<b>17,770,663</b>	<b>10,952,353</b>	<b>12,479,292</b>	<b>12,274,946</b>	<b>30,249,955</b>	<b>23,227,299</b>
Deferred outflows of resources	687,647	258,355	-	-	687,647	258,355
Long-term liabilities outstanding	3,056,410	3,042,764	-	-	3,056,410	3,042,764
Other liabilities	791,583	355,353	267,218	259,767	1,058,801	615,120
<b>Total liabilities</b>	<b>3,847,993</b>	<b>3,398,117</b>	<b>267,218</b>	<b>259,767</b>	<b>4,115,211</b>	<b>3,657,884</b>
Deferred inflows of resources	825,027	648,901	-	-	825,027	648,901
Net investment in capital assets	12,065,283	3,481,862	8,007,810	7,891,255	20,073,093	11,373,117
Restricted for future pension costs	273,068	329,574	-	-	273,068	329,574
Restricted for emergencies	67,590	70,519	-	-	67,590	70,519
Restricted for bond reserve	13,325	367,635	-	-	13,325	367,635
Unrestricted	1,366,024	2,914,100	4,204,264	4,123,924	5,570,288	7,038,024
<b>Total net position</b>	<b>13,785,290</b>	<b>7,163,690</b>	<b>12,212,074</b>	<b>12,015,179</b>	<b>25,997,364</b>	<b>19,178,869</b>

## Government-wide Financial Analysis (continued)

The largest portion of the City of Yuma's assets is reflected in capital assets (i.e., land, buildings, machinery, and equipment). Capital assets account for 70.1% of the total assets. The City of Yuma uses these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining assets, 3% of the governmental activities annual budget is restricted for use in the event of an emergency. Also restricted is \$273,068 for future pension cost, and \$13,325 that is held as reserve for the Pledged Revenue Bond Fund Reserve.

At the end of the current fiscal year, the City of Yuma is able to report positive balances of net position for the government as a whole and for governmental activities. The City of Yuma's net position increased \$6,818,495 during the current fiscal year. This increase reflects the continued investment made through infrastructural projects and savings for future projects.

### City of Yuma's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES:</b>						
Program revenues:						
Charges for services	353,498	366,746	4,621,108	4,499,009	4,974,606	4,865,755
Operating grants and contributions	-	-	100,770	3,605	100,770	3,605
Capital grants and contributions	6,286,311	196,473	-	-	6,286,311	196,473
General revenues:						
Property Taxes	614,039	594,572	-	-	614,039	594,572
Other taxes	1,775,900	1,917,313	-	-	1,775,900	1,917,313
Interest and other revenue	53,073	28,758	(10,010)	4,099	43,063	32,857
<b>Total revenues</b>	<b>9,082,821</b>	<b>3,103,862</b>	<b>4,711,868</b>	<b>4,506,713</b>	<b>13,794,689</b>	<b>7,610,575</b>
<b>EXPENSES:</b>						
General government	789,931	534,365	-	-	789,931	534,365
Public safety	734,208	692,572	-	-	734,208	692,572
Highways and streets	478,260	638,927	-	-	478,260	638,927
Culture and recreation	661,822	591,372	-	-	661,822	591,372
Airport	73,368	61,016	-	-	73,368	61,016
Other	73,632	82,100	-	-	73,632	82,100
Sanitation	-	-	294,260	279,355	294,260	279,355
Electric	-	-	2,520,565	2,493,285	2,520,565	2,493,285
Water	-	-	458,137	467,981	458,137	467,981
Sewer	-	-	528,302	436,092	528,302	436,092
Ambulance	-	-	363,709	447,963	363,709	447,963
<b>Total expenses</b>	<b>2,811,221</b>	<b>2,600,352</b>	<b>4,164,973</b>	<b>4,124,676</b>	<b>6,976,194</b>	<b>6,725,028</b>
Increase in net position before transfers	6,271,600	503,510	546,895	382,037	6,818,495	885,547
Transfers	350,000	350,000	(350,000)	(350,000)	-	-
<b>Increase in net position</b>	<b>6,621,600</b>	<b>853,510</b>	<b>196,895</b>	<b>32,037</b>	<b>6,818,495</b>	<b>885,547</b>
<b>Net position January 1</b>	<b>7,163,690</b>	<b>6,310,180</b>	<b>12,015,179</b>	<b>11,983,142</b>	<b>19,178,869</b>	<b>18,293,322</b>
<b>Net position December 31</b>	<b>13,785,290</b>	<b>7,163,690</b>	<b>12,212,074</b>	<b>12,015,179</b>	<b>25,997,364</b>	<b>19,178,869</b>

## Government-wide Financial Analysis (continued)

**Governmental activities.** The City of Yuma's net position used for governmental activities increased by \$6,621,600 from the previous year. This change in net position is due primarily to an airport reconstruction project and Main Street Reconstruction Project. The annual transfer from the Electric Fund to the General Fund is used to defray some of the annual costs of providing general public services and to gradually increase the level of General Fund reserves. The following is a synopsis of data that describes some key elements of annual revenues and expenses.

- Tax revenue from all sources decreased by a net \$121,946 (5.1%) over the previous year. The majority of this decrease is attributable to an decrease in sales tax receipts. Sales tax revenue decreased by \$82,714 (4.8%), and property tax revenue increased by \$19,467. Federal and state grants accounted for \$6,286,311 of governmental activities' revenues.
- Governmental activities' expenses increased by \$210,869 (8.1%) while Total Revenue increased by \$5,978,959 due to grants received. Operating transfers to the General Fund, which serve to build ending reserves, remained at \$350,000.
- The City of Yuma continued its equipment and vehicle replacement program while limiting overall operating budget expenditures.

**Business-type activities.** The net position of the City of Yuma's business-type activities increased by \$196,895 (1.64%). This change is primarily a result of more revenues received in the Sanitation, Electric, and Ambulance funds. Key elements of this increase are as follows:

- Basic business-type operating revenue increased by \$205,155 (4.6%) over the previous year, while total operating expenses increased by \$40,297, or 0.96%.
- Net operating income for the City's business-type activities was \$556,905, and interest income increased compared to the previous year, to \$4,490. The City of Yuma continues to provide solid waste disposal services to the Town of Eckley on a contractual basis.

## Financial Analysis of the City of Yuma's Funds

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

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

As of the end of the current fiscal year, the City of Yuma's governmental funds reported combined ending fund balances of \$2,893,925, a decrease of \$1,849,735 from the prior year ending fund balances. This decrease is associated with expenditures related to the Main Street Reconstruction Project, the Airport Reconstruction Project, and refinancing of the 2004 Bonds. Of this total, \$308,779 is **restricted**, meaning it is not available for new spending because it has already been committed for a variety of other restricted purposes. The remainder of the combined fund balance, totaling \$2,583,860 is **assigned and unassigned fund balance**, which is available for spending at the City of Yuma's discretion.

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

Unrestricted net position for the proprietary funds combined at the end of the current fiscal year is \$4,204,264 – broken down by fund as follows: Sanitation - \$440,724; Electric - \$1,433,189; Water - \$699,478; Sewer - \$833,688; and Ambulance - \$797,185. These unrestricted assets are available for spending at the City of Yuma's discretion.

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

**Budget variances in the General Fund.** The City of Yuma was not required to amend the General Fund budget for the current year, as the combined General Fund expenditures did not exceed the combined fund budget.

**Capital assets.** The City of Yuma's investment in capital assets government-wide increased by \$8,699,976 (net accumulated depreciation). Additional information as well as a detailed classification of the City of Yuma's net capital assets can be found in the Notes to the Financial Statement in Section D of this report.

**Long-term debts.** On December 2, 2016, the City of Yuma refinanced the 2004 Sales and Use Tax Revenue Bonds for a lower interest rate. The City realized a net present value savings of \$213,587 on the refinance. These bonds and their debt service requirements are detailed in Section D of this report.

**Next year's budget.** The City of Yuma General Fund cash and investments balance at the end of the current fiscal year was \$2,101,502. Of this balance, \$673,147 was appropriated for spending in the 2017 fiscal year budget. Future year budgets will continue to address the need to control operating expenses in General Fund activities to limit their impact on this level of reserves.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Yuma's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Yuma, City Treasurer, 910 South Main Street, P.O. Box 265, Yuma, Colorado 80759.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Yuma, Colorado**  
**Statement of Net Position**  
**December 31, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	2,891,259	3,518,583	6,409,842
Cash and investments - restricted	15,073	-	15,073
Receivables, net:			
Property tax	641,816	-	641,816
Accounts	467,962	605,518	1,073,480
Grants and other governments	274,916	-	274,916
Inventories and prepaids	1,286	347,381	348,667
Net pension asset	273,068	-	273,068
Capital assets, net	13,205,283	8,007,810	21,213,093
<b>Total Assets</b>	<u>17,770,663</u>	<u>12,479,292</u>	<u>30,249,955</u>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	687,647	-	687,647
<b>Total Deferred Outflows of Resources</b>	<u>687,647</u>	<u>-</u>	<u>687,647</u>
<b>Liabilities:</b>			
Accounts payable	754,823	9,021	763,844
Deposits	-	236,149	236,149
Accrued interest payable	1,748	-	1,748
Other liabilities	35,012	22,048	57,060
Long-term liabilities:			
Due within one year	175,000	-	175,000
Due in more than one year	965,000	-	965,000
Net pension liability	1,916,410	-	1,916,410
<b>Total Liabilities</b>	<u>3,847,993</u>	<u>267,218</u>	<u>4,115,211</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable property tax revenue	641,816	-	641,816
Pension related deferred inflows	51,742	-	51,742
Bond refunding deferred inflows	131,469	-	131,469
<b>Total Deferred Inflows of Resources</b>	<u>825,027</u>	<u>-</u>	<u>825,027</u>
<b>Net Position:</b>			
Net investment in capital assets	12,065,283	8,007,810	20,073,093
Restricted for future pension cost	273,068	-	273,068
Restricted for emergencies	67,590	-	67,590
Restricted for bond reserve	13,325	-	13,325
Unrestricted	1,366,024	4,204,264	5,570,288
<b>Total Net Position</b>	<u>13,785,290</u>	<u>12,212,074</u>	<u>25,997,364</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	789,931	41,560	19,478	-	(728,893)	-	(728,893)
Public safety	734,208	40,178	23,874	-	(670,156)	-	(670,156)
Highways and streets	478,260	173,814	5,000	-	(299,446)	-	(299,446)
Culture and recreation	661,822	88,811	4,000	1,252,400	683,389	-	683,389
Airport	73,368	9,135	-	4,981,559	4,917,326	-	4,917,326
Interest on long-term debt	73,632	-	-	-	(73,632)	-	(73,632)
<b>Total governmental activities</b>	<b>2,811,221</b>	<b>353,498</b>	<b>52,352</b>	<b>6,233,959</b>	<b>3,828,588</b>	<b>-</b>	<b>3,828,588</b>
<b>Business-type activities:</b>							
Electric	2,520,565	3,031,821	-	-	-	511,256	511,256
Water	458,137	480,186	-	-	-	22,049	22,049
Sewer	528,302	375,512	-	-	-	(152,790)	(152,790)
Sanitation	294,260	331,432	-	-	-	37,172	37,172
Ambulance	363,709	402,157	100,770	-	-	139,218	139,218
<b>Total business-type activities</b>	<b>4,164,973</b>	<b>4,621,108</b>	<b>100,770</b>	<b>-</b>	<b>-</b>	<b>556,905</b>	<b>556,905</b>
<b>Total All Activities</b>	<b>6,976,194</b>	<b>4,974,606</b>	<b>153,122</b>	<b>6,233,959</b>	<b>3,828,588</b>	<b>556,905</b>	<b>4,385,493</b>
<b>General revenues:</b>							
Taxes:							
Property tax, levied for general purposes					614,039	-	614,039
Specific ownership tax					64,904	-	64,904
General sales tax					1,637,107	-	1,637,107
Occupation tax					5,198	-	5,198
Franchise tax					36,925	-	36,925
Severance tax					25,173	-	25,173
Cigarette tax					6,593	-	6,593
Licenses and permits					9,672	-	9,672
Investment earnings					4,238	4,490	8,728
Gain (loss) on sale of assets					16,294	(14,500)	1,794
Miscellaneous					22,869	-	22,869
Transfers					350,000	(350,000)	-
<b>Total general revenues, special items, and transfers</b>					<b>2,793,012</b>	<b>(360,010)</b>	<b>2,433,002</b>
<b>Change in Net Position</b>					<b>6,621,600</b>	<b>196,895</b>	<b>6,818,495</b>
<b>Net Position - January 1</b>					<b>7,163,690</b>	<b>12,015,179</b>	<b>19,178,869</b>
<b>Net Position - December 31</b>					<b>13,785,290</b>	<b>12,212,074</b>	<b>25,997,364</b>

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

## **FUND FINANCIAL STATEMENTS**



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

	<b>General</b>	<b>Conservation Trust</b>	<b>Capital Projects - Other</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and investments	2,101,502	132,332	657,425	-	2,891,259
Cash and investments - restricted	-	-	-	15,073	15,073
Prepays	1,286	-	-	-	1,286
Receivables, net of allowance for uncollectibles	926,535	-	458,159	-	1,384,694
<b>Total Assets</b>	<b>3,029,323</b>	<b>132,332</b>	<b>1,115,584</b>	<b>15,073</b>	<b>4,292,312</b>
<b>Liabilities and Fund Equity:</b>					
<b>Liabilities:</b>					
Accounts/vouchers payable	411,254	-	343,569	-	754,823
Accrued interest payable	-	-	-	1,748	1,748
<b>Total Liabilities</b>	<b>411,254</b>	<b>-</b>	<b>343,569</b>	<b>1,748</b>	<b>756,571</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable property tax revenues	641,816	-	-	-	641,816
<b>Total Deferred Inflows of Resources</b>	<b>641,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>641,816</b>
<b>Fund Balances:</b>					
Nonspendable	1,286	-	-	-	1,286
Restricted for emergency	67,590	-	-	-	67,590
Restricted under bond indenture	-	-	-	241,189	241,189
Assigned	-	132,332	772,015	(122,864)	781,483
Unassigned	1,907,377	-	-	-	1,907,377
<b>Total Fund Balances</b>	<b>1,976,253</b>	<b>132,332</b>	<b>772,015</b>	<b>118,325</b>	<b>2,998,925</b>
<b>Total Liabilities and Fund Balances</b>	<b>3,029,323</b>	<b>132,332</b>	<b>1,115,584</b>	<b>120,073</b>	

**Amounts reported for governmental activities in the Statement  
of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,205,283
Long term assets and deferred outflows are not financial resources and, therefore, are not reported in the funds.	960,715
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(3,274,633)</u>
<b>Net Position of Governmental Activities</b>	<u><u>13,890,290</u></u>

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

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

	<b>General</b>	<b>Conservation Trust</b>	<b>Capital Projects - Other</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	1,704,276	-	463,897	190,000	2,358,173
Licenses and permits	9,672	-	-	-	9,672
Intergovernmental revenue	203,338	39,603	-	-	242,941
Federal government grants	22,078	-	4,716,031	-	4,738,109
State government grants	30,274	-	1,478,325	-	1,508,599
Charges for services	64,107	-	-	-	64,107
Fines and forfeitures	70,920	-	-	-	70,920
Miscellaneous	67,534	62	5,607	803	74,006
<b>Total Revenues</b>	<u>2,172,199</u>	<u>39,665</u>	<u>6,663,860</u>	<u>190,803</u>	<u>9,066,527</u>
<b>Expenditures:</b>					
General government	576,331	-	9,800	41,953	628,084
Public safety	823,991	-	-	-	823,991
Highways and streets	500,428	-	3,158,977	-	3,659,405
Culture and recreation	586,236	16,077	-	-	602,313
Airport	19,805	-	5,210,430	-	5,230,235
Debt service:					
Principal	-	-	-	105,000	105,000
Interest	-	-	-	113,528	113,528
<b>Total Expenditures</b>	<u>2,506,791</u>	<u>16,077</u>	<u>8,379,207</u>	<u>260,481</u>	<u>11,162,556</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(334,592)</u>	<u>23,588</u>	<u>(1,715,347)</u>	<u>(69,678)</u>	<u>(2,096,029)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of assets	-	-	16,294	-	16,294
Operating transfers in (out)	350,000	-	164,632	(164,632)	350,000
Proceeds from bond issuance	-	-	-	1,140,000	1,140,000
Payment to refunding escrow agent	-	-	-	(1,260,000)	(1,260,000)
<b>Total Other Financing Sources (Uses)</b>	<u>350,000</u>	<u>-</u>	<u>180,926</u>	<u>(284,632)</u>	<u>246,294</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<u>15,408</u>	<u>23,588</u>	<u>(1,534,421)</u>	<u>(354,310)</u>	<u>(1,849,735)</u>
<b>Fund Balances - January 1</b>	<u>1,960,845</u>	<u>108,744</u>	<u>2,306,436</u>	<u>367,635</u>	<u>4,743,660</u>
<b>Fund Balances - December 31</b>	<u>1,976,253</u>	<u>132,332</u>	<u>772,015</u>	<u>13,325</u>	<u>2,893,925</u>

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

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

**Net Change in Fund Balances of Governmental Funds** (1,849,735)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation, net of disposals during the year. 8,226,952

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 264,896

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (20,513)

**Change in Net Position of Governmental Activities** 6,621,600

**City of Yuma, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2016**

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and investments	1,229,892	608,124	723,159	416,494	540,914	3,518,583
Receivables, net of allowance for uncollectibles	257,670	29,278	31,475	26,415	260,680	605,518
Inventory	197,217	66,363	83,801	-	-	347,381
<b>Total current assets</b>	<u>1,684,779</u>	<u>703,765</u>	<u>838,435</u>	<u>442,909</u>	<u>801,594</u>	<u>4,471,482</u>
<b>Non-current assets:</b>						
Property and equipment	3,621,387	5,106,914	5,790,648	685,930	1,321,589	16,526,468
Accumulated depreciation	<u>(2,017,306)</u>	<u>(2,939,329)</u>	<u>(2,171,232)</u>	<u>(483,957)</u>	<u>(906,834)</u>	<u>(8,518,658)</u>
<b>Total non-current assets</b>	<u>1,604,081</u>	<u>2,167,585</u>	<u>3,619,416</u>	<u>201,973</u>	<u>414,755</u>	<u>8,007,810</u>
<b>Total Assets</b>	<u>3,288,860</u>	<u>2,871,350</u>	<u>4,457,851</u>	<u>644,882</u>	<u>1,216,349</u>	<u>12,479,292</u>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	9,021	-	-	-	-	9,021
Accrued payroll	3,208	2,320	2,311	1,717	2,096	11,652
Deposits	236,149	-	-	-	-	236,149
Accrued compensated absences	3,212	1,967	2,436	468	2,313	10,396
<b>Total current liabilities</b>	<u>251,590</u>	<u>4,287</u>	<u>4,747</u>	<u>2,185</u>	<u>4,409</u>	<u>267,218</u>
<b>Total Liabilities</b>	<u>251,590</u>	<u>4,287</u>	<u>4,747</u>	<u>2,185</u>	<u>4,409</u>	<u>267,218</u>
<b>Net Position:</b>						
Invested in capital assets, net of related debt	1,604,081	2,167,585	3,619,416	201,973	414,755	8,007,810
Unrestricted	<u>1,433,189</u>	<u>699,478</u>	<u>833,688</u>	<u>440,724</u>	<u>797,185</u>	<u>4,204,264</u>
<b>Total Net Position</b>	<u>3,037,270</u>	<u>2,867,063</u>	<u>4,453,104</u>	<u>642,697</u>	<u>1,211,940</u>	<u>12,212,074</u>

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

**City of Yuma, Colorado**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Ambulance Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>						
Commercial charges	1,710,068	-	-	-	-	1,710,068
Residential charges	1,243,428	-	-	-	-	1,243,428
Other	78,325	2,168	293	3,746	1,899	86,431
Tap fees	-	13,500	6,496	-	-	19,996
Water sales	-	464,518	-	-	-	464,518
Sewer charges	-	-	368,723	-	-	368,723
Sanitation charges	-	-	-	327,686	-	327,686
Ambulance charges	-	-	-	-	400,258	400,258
<b>Total Operating Revenues</b>	<u>3,031,821</u>	<u>480,186</u>	<u>375,512</u>	<u>331,432</u>	<u>402,157</u>	<u>4,621,108</u>
<b>Operating Expenses:</b>						
Electricity purchased	1,990,166	-	-	-	-	1,990,166
Landfill expense	-	-	-	69,152	-	69,152
Repairs and maintenance	56,276	49,840	120,313	9,165	24,925	260,519
Supplies	13,740	16,778	8,159	5,523	7,559	51,759
Benefits and payroll taxes	72,457	63,342	67,570	46,132	34,700	284,201
Depreciation	149,907	149,605	177,196	61,532	64,592	602,832
Bad debt	7,167	876	701	659	20,368	29,771
Salaries	183,923	87,391	136,381	82,318	179,647	669,660
Insurance	12,561	7,232	7,159	3,584	10,756	41,292
Gas and oil	-	3,367	3,071	10,509	8,394	25,341
Utilities	11,318	18,690	3,206	725	5,398	39,337
Other	23,050	43,396	4,546	4,961	7,370	83,323
<b>Total Operating Expenses</b>	<u>2,520,565</u>	<u>440,517</u>	<u>528,302</u>	<u>294,260</u>	<u>363,709</u>	<u>4,147,353</u>
<b>Operating Income (Loss)</b>	<u>511,256</u>	<u>39,669</u>	<u>(152,790)</u>	<u>37,172</u>	<u>38,448</u>	<u>473,755</u>
<b>Non-operating Revenues (Expenses):</b>						
Interest revenue	1,466	1,240	866	406	512	4,490
Contributions to other governments	-	(17,620)	-	-	-	(17,620)
Grants and contributions	-	-	-	-	100,770	100,770
Gain (loss) on sale of assets	-	-	-	-	(14,500)	(14,500)
<b>Total Non-operating Revenues</b>	<u>1,466</u>	<u>(16,380)</u>	<u>866</u>	<u>406</u>	<u>86,782</u>	<u>73,140</u>
<b>Income Before Transfers</b>	512,722	23,289	(151,924)	37,578	125,230	546,895
<b>Transfers</b>	(311,000)	(24,000)	(15,000)	-	-	(350,000)
<b>Change in Net Position</b>	201,722	(711)	(166,924)	37,578	125,230	196,895
<b>Total Net Position - January 1</b>	2,835,548	2,867,774	4,620,028	605,119	1,086,710	12,015,179
<b>Total Net Position - December 31</b>	<u>3,037,270</u>	<u>2,867,063</u>	<u>4,453,104</u>	<u>642,697</u>	<u>1,211,940</u>	<u>12,212,074</u>

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

**City of Yuma, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>						
Cash received from customers and others	3,078,138	478,417	375,723	331,067	305,554	4,568,899
Cash paid for goods and services	(2,103,233)	(142,182)	(106,857)	(103,619)	(63,550)	(2,519,441)
Cash paid to employees	(254,114)	(149,547)	(202,023)	(128,253)	(213,899)	(947,836)
<b>Net Cash Provided by Operating Activities</b>	<u>720,791</u>	<u>186,688</u>	<u>66,843</u>	<u>99,195</u>	<u>28,105</u>	<u>1,101,622</u>
<b>Cash Flows From Non-capital Financing Activities:</b>						
Contributions to other governments	-	(17,620)	-	-	-	(17,620)
Net operating transfers (out)	(311,000)	(24,000)	(15,000)	-	-	(350,000)
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<u>(311,000)</u>	<u>(41,620)</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(367,620)</u>
<b>Cash Flows From Capital Financing Activities:</b>						
Grant received	-	-	-	-	100,770	100,770
Proceeds from sale of asset	-	-	-	-	7,000	7,000
Distribution system and equipment purchases	-	(500,000)	(24,559)	-	(216,328)	(740,887)
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<u>-</u>	<u>(500,000)</u>	<u>(24,559)</u>	<u>-</u>	<u>(108,558)</u>	<u>(633,117)</u>
<b>Cash Flows From Investing Activities</b>						
Interest received	1,466	1,240	866	406	512	4,490
<b>Net Cash Provided by Investing Activities</b>	<u>1,466</u>	<u>1,240</u>	<u>866</u>	<u>406</u>	<u>512</u>	<u>4,490</u>
<b>Net Change in Cash and Cash Equivalents</b>	411,257	(353,692)	28,150	99,601	(79,941)	105,375
<b>Cash and Cash Equivalents - January 1</b>	818,635	961,816	695,009	316,893	620,855	3,413,208
<b>Cash and Cash Equivalents - December 31</b>	<u>1,229,892</u>	<u>608,124</u>	<u>723,159</u>	<u>416,494</u>	<u>540,914</u>	<u>3,518,583</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>						
Operating income (loss)	511,256	39,669	(152,790)	37,172	38,448	473,755
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>						
Depreciation	149,907	149,605	177,196	61,532	64,592	602,832
Bad debt	7,167	876	701	659	20,368	29,771
(Increase) decrease in accounts receivable	34,809	(1,769)	211	(365)	(96,603)	(63,717)
(Increase) decrease in inventories	5,674	6,259	39,597	-	-	51,530
Increase (decrease) in deposits	11,508	-	-	-	-	11,508
Increase (decrease) in accounts payable	(1,796)	(9,138)	-	-	852	(10,082)
Increase (decrease) in accrued payroll	771	1,250	589	577	-	3,187
Increase (decrease) in compensated absences	1,495	(64)	1,339	(380)	448	2,838
<b>Total Adjustments</b>	<u>209,535</u>	<u>147,019</u>	<u>219,633</u>	<u>62,023</u>	<u>(10,343)</u>	<u>627,867</u>
<b>Net Cash Provided by Operating Activities</b>	<u>720,791</u>	<u>186,688</u>	<u>66,843</u>	<u>99,195</u>	<u>28,105</u>	<u>1,101,622</u>

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

**City of Yuma, Colorado**  
**Statement of Fiduciary Net Position**  
**Pension Trust Fund**  
**December 31, 2016**

**Assets:**

Investment in plan assets	<u><u>552,508</u></u>
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**Net Position:**

Held in trust for pension benefits	<u><u>552,508</u></u>
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The accompanying notes are an integral part of these financial statements.

**City of Yuma, Colorado**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Fund**  
**For the Year Ended December 31, 2016**

**Additions:**

City contributions	10,000
State contributions	9,000
Net investment gain	<u>26,918</u>

**Total Additions** 45,918

**Deductions:**

Benefits	<u>19,238</u>
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**Total Deductions** 19,238

**Change in Net Position** 26,680

**Net Position - January 1** 525,828

**Net Position - December 31** 552,508

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



**NOTES TO THE FINANCIAL STATEMENTS**

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

**I. Summary of Significant Accounting Policies**

The City of Yuma, Colorado (the "City"), is a "Home Rule City" (a municipal corporation, as defined by Colorado Revised Statutes). An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City's major operations include police and fire protection, road maintenance, utilities, and culture and recreation.

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

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the City, and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

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

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

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

**1. Government-wide Financial Statements**

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

Since the fiduciary fund accounts for pension funds and therefore is not available to support City programs, the fund is not incorporated into the government-wide financial statements.

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

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

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

**2. Fund Financial Statements**

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

The fund focus is on current available resources and budget compliance.

The City reports the following governmental funds:

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

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

The *Capital Projects Fund - Other* accounts for taxes set aside for certain projects designated by City Council.

The *Debt Service Fund* accounts for the bond reserve account and sales and use taxes set aside for repayment of sales and use tax revenue bonds.

The City reports the following proprietary or business-type funds:

The *Electric Fund* accounts for the purchase and delivery of electric power to the citizens of the City.

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

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

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

**2. Fund Financial Statements (continued)**

The *Water Fund* accounts for the delivery of water to the citizens of the City.

The *Sewer Fund* accounts for sewer service to the citizens of the City.

The *Sanitation Fund* accounts for waste collection and disposal for the citizens of the City and contract services for the Town of Eckley.

The *Ambulance Fund* accounts for ambulance services provided to citizens and others within its designated service area.

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

The *Pension Trust Fund* accounts for the volunteer firemen's pension investments.

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

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

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

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

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

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days after December 31). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

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

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

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

**3. Financial Statement Presentation**

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

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

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

**D. Financial Statement Accounts**

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

Cash and cash equivalents are defined as deposits that can be withdrawn on demand and investments with maturities of three months or less.

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

Colorado statute permits investments in the following type of obligations:

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

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

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

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

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts.

**4. Property Taxes**

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

**5. Interfund Receivables and Payables**

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

**6. Prepaid Expenses**

Prepaid expenses are amounts paid in the current year for expenses related to subsequent years.

**7. Inventory**

Inventory consists of supplies for the City's use and is carried at cost using the first-in, first-out method.

**8. Capital Assets**

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2000), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	40
Buildings and improvements	20 - 40
Distribution systems	10 - 50
Equipment and vehicles	5 - 10

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

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

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

**9. Compensated Absences**

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for the amounts is reported in governmental funds only if they are required to be paid out within 60 days of year-end.

**10. Pensions**

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

The City also participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item that qualifies for reporting in this category, which is the pension-related deferred outflow reported in the government-wide statement of net position.

**12. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for this type of reporting, pension-related deferred inflows, bond refunding deferred inflows and unavailable revenues from property taxes.

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

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

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

**11. Fund Balance**

The City classifies governmental fund balances as follows:

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

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

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

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

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

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

The City does not have a formal minimum fund balance policy. However, the City's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to City Council.

**E. Use of Estimates**

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



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

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

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

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Long-term assets are not financial resources and, therefore, are not reported in the funds. The details of this \$960,715 difference are Net Pension Asset of \$273,068 and Pension related deferred outflows of \$687,647. Another element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this \$3,274,633 difference are as follows:

Bonds payable	\$ 1,140,000
Accrued compensated absences	35,012
Net pension liability	1,916,410
Pension related deferred inflows of resources	51,742
Bond refunding deferred inflows of resources	<u>131,469</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 3,274,633</u></u>

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$8,226,952 difference is capital outlay of \$8,499,268 less depreciation expense of \$256,022 and gain on sale of asset of \$16,294.

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$301,498 difference are as follows:

Bond principal payments	\$ 105,000
Interest expense	39,896
Proceeds from bond issuance	(1,140,000)
Payment to refunding escrow	<u>1,260,000</u>
Net adjustment to reduce net changes in fund balance - total governmental funds to arrive at changes in net assets - governmental activities	<u><u>\$ 264,896</u></u>

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

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

**B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities (continued)**

Another element of that reconciliation states that “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures of the governmental funds.” The details of this \$20,513 difference are pension expense of \$15,878 less change in accrued compensated absences of \$4,635.

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

**A. Budgetary Information**

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

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

1. For the 2016 budget year, prior to August 25, 2015, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries.
2. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2015, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2015, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating ordinance that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the City may make the following changes:  
a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

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

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

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

**A. Budgetary Information (continued)**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. TABOR Amendment**

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$67,591, which is the approximate required reserve at December 31, 2016.

The City's voters approved a ballot question which will allow the City to collect, retain, and expend the full proceeds of the City's sales and use tax, non-federal grants, fees and other revenues, without increasing or adding taxes of any kind, and notwithstanding any State restrictions on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution, from the date of January 1, 1996, and thereafter.

On November 4, 2003, the City's voters approved the following ballot question, "Shall the City of Yuma debt be increased \$2,200,000 with a repayment cost of \$4,900,000 and shall City taxes be increased \$360,000 annually and by whatever additional amounts as are raised annually thereafter from the levy of an additional 1% sales and use tax; such debt to be issued for the purpose of improving the City municipal sewer and storm drainage systems, including but not limited to the acquisition, construction, installation, completion, renovation and expansion of improvements to its municipal sewer and storm drainage systems and such taxes to be used for the repayment of such debt and any other municipal purposes; such debt to be evidenced by the issuance of bonds or other obligations payable from the taxes authorized by this question and other City revenues as the Council may determine; such bonds or other obligations to be sold in one or more series on terms and conditions and with such maturities as permitted by law and as the Council may determine, including provisions for redemption of the bonds prior to maturity with or without payment of a premium; and shall the proceeds of such debt and taxes and any earnings from the investment of such proceeds and revenues be collected and spent as a voter approved revenue change under Article X, Section 20 of the Colorado Constitution?"

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

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

**B. TABOR Amendment (continued)**

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The City's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was \$5,072,506 at year end.

*Fair Value of Investments*

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

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

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

<u>Investments Measured at Fair Value</u>	<u>Fair Value Measurements Using</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ -	1,904,920	-
<b>Total</b>	<b>\$ -</b>	<b>1,904,920</b>	<b>-</b>

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

- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the City has limited its interest rate risk.

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

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

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

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the City has limited its interest rate risk.

*Credit Risk.* City investment policy limits investments to those authorized by State statutes as listed in Note 1C. The City's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The City diversifies its investments by security type and institution. Financial institutions holding City funds must provide the City a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

The City had the following cash and investments with the following maturities:

<u>Type</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
		<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>			
Petty cash	\$ 1,200	-	-
Checking	4,047,929	-	-
Savings	1,023,377	-	-
Certificates of deposit	1,904,920	1,904,920	-
	<u>\$ 6,977,426</u>	<u>1,904,920</u>	<u>-</u>

The financial statement captions are as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>Fireman's Pension Fund</u>	<u>Total</u>
Cash and investments	\$ 2,891,259	3,518,583	-	6,409,842
Restricted cash and investments	15,073	-	-	15,073
Investment in plan assets	-	-	552,508	552,508
Total	<u>\$ 2,906,332</u>	<u>3,518,583</u>	<u>552,508</u>	<u>6,977,423</u>

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

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

**B. Receivables**

Receivables as of December 31, 2016, for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
Receivables:							
Taxes	\$ 641,816	-	-	-	-	-	641,816
Accounts	9,803	257,670	29,278	31,475	26,415	689,244	1,043,885
Intergovernmental	274,916	-	-	-	-	-	274,916
Gross receivables	<u>926,535</u>	<u>257,670</u>	<u>29,278</u>	<u>31,475</u>	<u>26,415</u>	<u>689,244</u>	<u>1,960,617</u>
Less: allowance for uncollectible	-	-	-	-	-	(428,564)	(428,564)
<b>Net receivables</b>	<u><u>\$ 926,535</u></u>	<u><u>257,670</u></u>	<u><u>29,278</u></u>	<u><u>31,475</u></u>	<u><u>26,415</u></u>	<u><u>260,680</u></u>	<u><u>1,532,053</u></u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unavailable property tax revenue of \$641,816 is property taxes levied in 2016 but not available until 2016.

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

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

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,077,528	-	16,294	2,061,234
Construction in progress	764,210	3,306,205	702,041	3,368,374
Total capital assets, not being depreciated	<u>2,841,738</u>	<u>3,306,205</u>	<u>718,335</u>	<u>5,429,608</u>
Capital assets, being depreciated:				
Infrastructure	2,106,554	5,063,202	461,825	7,631,581
Buildings and improvements	1,986,396	-	-	1,986,396
Machinery and equipment	2,903,400	370,077	36,862	3,236,615
Total capital assets being depreciated	<u>6,996,350</u>	<u>5,433,279</u>	<u>498,687</u>	<u>12,854,592</u>
Less accumulated depreciation for:				
Infrastructure	(989,021)	(85,581)	-	(1,074,602)
Buildings and improvements	(1,485,429)	(71,405)	-	(1,556,834)
Machinery and equipment	(2,385,306)	(99,038)	36,863	(2,447,481)
Total accumulated depreciation	<u>(4,859,756)</u>	<u>(256,024)</u>	<u>36,863</u>	<u>(5,078,917)</u>
Total capital assets, being depreciated, net	<u>2,136,594</u>	<u>5,177,255</u>	<u>535,550</u>	<u>7,775,675</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 4,978,332</u>	<u>8,483,460</u>	<u>1,253,885</u>	<u>13,205,283</u>

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

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

**C. Capital Assets (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 79,276	-	-	79,276
Construction in progress	57,135	524,559	-	581,694
Total capital assets, not being depreciated	<u>136,411</u>	<u>524,559</u>	<u>-</u>	<u>660,970</u>
Capital assets, being depreciated:				
Infrastructure	12,720,659	-	-	12,720,659
Buildings and improvements	265,703	-	-	265,703
Machinery and equipment	2,770,310	216,328	(107,500)	2,879,138
Total capital assets being depreciated	<u>15,756,672</u>	<u>216,328</u>	<u>(107,500)</u>	<u>15,865,500</u>
Less accumulated depreciation for:				
Infrastructure	(5,714,625)	(416,099)	-	(6,130,724)
Buildings and improvements	(232,230)	(11,291)	-	(243,521)
Machinery and equipment	(2,054,972)	(175,443)	86,000	(2,144,415)
Total accumulated depreciation	<u>(8,001,827)</u>	<u>(602,833)</u>	<u>86,000</u>	<u>(8,518,660)</u>
Total capital assets, being depreciated, net	<u>7,754,845</u>	<u>(386,505)</u>	<u>(21,500)</u>	<u>7,346,840</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 7,891,256</u>	<u>138,054</u>	<u>(21,500)</u>	<u>8,007,810</u>

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

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

**C. Capital Assets (continued)**

Infrastructure assets acquired prior to January 1, 2000, are not included in the financial statements.

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

**Governmental activities:**

General government	\$ 76,991
Public safety	33,506
Public works, including infrastructure	32,454
Airport	53,564
Culture and recreation	59,509
<b>Total depreciation expense - governmental activities</b>	<u><u>\$ 256,024</u></u>

**Business-type activities:**

Electric	\$ 149,907
Water	149,605
Sewer	177,196
Sanitation	61,532
Ambulance	64,593
<b>Total depreciation expense - business-type activities</b>	<u><u>\$ 602,833</u></u>

**D. Interfund Receivables, Payables, and Transfers**

There were no interfund receivables or payables as of December 31, 2016.

Transfers were as follows:

	<u>In</u>	<u>Out</u>	<u>Purpose</u>
General	\$ 350,000	-	Maintain general reserves
Capital Projects - Other	164,632	-	Transfer excess interest earned
Debt Service	-	164,632	Transfer earnings on refunding
Electric	39,000	350,000	Maintain general reserves
Water	-	24,000	Net payment for interfund services provided
Sewer	-	15,000	Net payment for interfund services provided
<b>Total</b>	<u><u>\$ 553,632</u></u>	<u><u>553,632</u></u>	

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

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

**E. Long-term Liabilities**

**1. 2016 Sales Tax Revenue Refunding Bonds**

The District issued \$1,140,000 of Sales Tax Revenue Refunding Bonds (the "2016 Bonds") dated December 2, 2016. Proceeds from the 2016 Bonds were used to advance refund a portion of the City's Sales and Use Tax Revenue Bonds, Series 2004 (see note F.2.) The Series 2004 Bonds being refunded mature in the 2024. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The net carrying amount of the old debt exceed reacquisition price by \$131,469. This amount is a deferred inflow of resources that will be amortized over the seven years the 2016 Bonds are outstanding. The City realized a present value savings on refunding of \$213,587.

The interest rates on the Series 2016 Bonds ranges from 1.87% to 2.17% and is payable semi-annually on February 1 and August 1 through 2023.

**2. Sales and Use Tax Revenue Bonds, Series 2004**

On September 1, 2004, the City issued Sales and Use Tax Revenue Bonds, Series 2004, in the principal amount of \$2,200,000. The bonds bear interest at rates ranging from 4.25% to 5%, payable semi-annually on February 1 and August 1. The bonds are payable and secured by an irrevocable lien on Pledged Revenues of the pledged 1% sales and use tax of the City imposed pursuant to an election in 2004. The bonds are financing improvements to the City municipal sewer and storm drainage system.

The City advance refunded \$1,260,000 of its Series 2004 Bonds on December 2, 2016.

**3. Debt Service Requirements**

<u>Year ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 175,000	14,153	189,153
2018	170,000	18,046	188,046
2019	175,000	14,867	189,867
2020	175,000	11,593	186,593
2021	180,000	8,322	188,322
2022-2023	265,000	6,451	271,451
	<u>1,140,000</u>	<u>73,432</u>	<u>1,213,432</u>

**4. Accrued Compensated Absences**

Earned but unused vacation benefits amounted to \$35,012 in governmental activities and \$10,396 in business-type activities at December 31, 2016.

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

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

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

**5. Schedule of Changes in Long-term Liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Accrued compensated absences	\$ 30,376	4,636	-	35,012	11,671
2016 Sales Tax Revenue Refunding Bonds	-	1,140,000	-	1,140,000	175,000
2004 Sales and Use Tax Revenue Bonds	1,365,000	-	(1,365,000)	-	-
Original issue premium on Revenue Bonds	131,469	-	(131,469)	-	-
<b>Total Governmental Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 1,526,845</u>	<u>1,144,636</u>	<u>(1,496,469)</u>	<u>1,175,012</u>	<u>186,671</u>
<b>Business-type Activities:</b>					
Accrued compensated absences	\$ 7,558	2,838	-	10,396	3,465
<b>Total Business-type Activities</b>					
<b>Long-term Liabilities</b>	<u>\$ 7,558</u>	<u>2,838</u>	<u>-</u>	<u>10,396</u>	<u>3,465</u>

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

**1. FPPA Statewide Defined Benefit Plan**

*Plan Description* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

*Contributions* Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8.5% and 8%, respectively, of base salary for a total contribution rate of 16.5% through 2015. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

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

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

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

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

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

*Contributions (continued)* The contribution rate for members and employers of affiliated social security employers is 4.5% and 4%, respectively, of base salary for a total contribution rate of 8.25% 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

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

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

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

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

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

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

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

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

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

*Net Pension Asset* At December 31, 2015, the City reported an asset of \$1,123 for its proportionate share of the net pension liability. (The City reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City proportion of the net pension liability was based on City contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2015, the City proportion was 0.17397%, as compared to 0.17913% at December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$7,629. 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 of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,084	1,326
Changes of assumptions or other inputs	17,642	7,807
Net difference between projected and actual earnings on pension plan investments	52,166	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,700	-
Contributions subsequent to the measurement date	25,339	-
Difference between actual and reported contributions	-	619
Total	\$ 114,931	9,752

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

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

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

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

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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 ending December 31:

2017	\$	17,659
2018		17,659
2019		17,659
2020		16,242
Thereafter		15,620
	<u>\$</u>	<u>84,839</u>

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

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment Rate of Return *	7.5%	7.5%
Projected Salary Increases	4.0% to 14.0%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	3.0%	3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed for 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 age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Table for Blue Collar Annuitants, projected with Scale BB are used. For post-retirements members ages 55-64, a blend of the previous tables is used.

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

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

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

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

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

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%*
Total	100%	

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

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

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

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

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

*Actuarial Assumptions (continued):* 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 City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	157,345	(1,123)	(132,567)

*Pension plan fiduciary net position.* Detailed information about the Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at [http://www.fppaco.org/annual\\_reports.htm](http://www.fppaco.org/annual_reports.htm).

*Average Remaining Expected Service Life:* The average of the expected remaining service lives of all members in the plan, including active and inactive members, is 10.2083 years determined as of the beginning of December 31, 2015 measurement period.



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

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

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

**2. Volunteer Pension Fund**

*Plan Description* The City is trustee of an agent multiple-employer defined benefit pension plan available to provide retirement income for volunteer fire fighters in recognition of their service to the City. The plan is directed by a Board of Trustees composed of the Board of Directors and volunteer firefighters selected in accordance with Colorado State Statutes. The plan is administered by the Fire and Police Pension Association of Colorado.

The plan provides for a monthly pension for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service. As of December 31, 2015, the latest actuarial valuation date, there were 27 active members and 25 retirees and beneficiaries.

*Benefits* The normal retirement benefit is \$75 per month at age 50 with 20 years of service. After at least 10 years of service, the monthly retirement benefit is \$3.75 per year of service up to 20 service years. The monthly survivor benefits are \$37.50 following death after normal retirement. The monthly survivor benefit after at least 10 years of service is \$1.88 per year of service up to 20 service years. The funeral benefit is a one-time only \$100.

*Contributions* The funding of the plan by the City and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less.

*Net Pension Asset* At December 31, 2016, the volunteer pension fund reported a net pension asset of \$271,944. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

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

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

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

**2. Volunteer Pension Fund (continued)**

*Actuarial Assumptions* The following table sets forth the methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*

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

Asset Valuation Method	5-year smoothed market
Inflation	3%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%*
Total	100%	

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

**City of Yuma**  
**Notes to the Financial Statements**  
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**(Continued)**

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

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

**2. Volunteer Pension Fund (continued)**

*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 City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	(246,515)	(271,944)	(293,361)

*Pension Plan Fiduciary Net Position:* Detailed information about the Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at [http://www.fppaco.org/annual\\_report.html](http://www.fppaco.org/annual_report.html).

**3. PERA Plan**

*Plan description.* Eligible employees of the City of Yuma are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, 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. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**City of Yuma**  
**Notes to the Financial Statements**  
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**(Continued)**

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

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

**3. PERA Plan (continued)**

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

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

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

**3. PERA Plan (continued)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	(1.02%)
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
Total Employer Contribution Rate to the LGDTF <sup>1</sup>	12.68%

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

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

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

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

**3. PERA Plan (continued)**

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$125,279 for the year December 31, 2016.

At December 31, 2016, the City reported a liability of \$1,916,410 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 liability was based on the City's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the City's proportion was 0.17397%, which was a decrease of 0.0052% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$68,562. December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,379	\$ 66
Changes of assumptions or other inputs	-	35,102
Net difference between projected and actual earnings on pension plan investments	368,922	6,328
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,188	-
Contributions subsequent to the measurement date	125,280	-
Total	<u>\$ 516,769</u>	<u>\$ 41,496</u>

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

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

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

**3. PERA Plan (continued)**

\$125,280 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, 2015:	
2016	\$ 81,330
2017	95,056
2018	97,374
2019	76,233
	<u>\$ 349,993</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investments expenses, including price inflation	7.5 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

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

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

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

**3. PERA Plan (continued)**

*Actuarial assumptions (continued):* Changes to assumptions or other inputs since December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18 month annual increase timing,
  - Refinements to directly value certain and life, modified cash refund and pop-up benefits forms.
  
- The following methodology changes were made:
  - Recognition of merit salary increase in the first projection year.
  - Elimination of the assumption that 35% of future disabled members to elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.



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

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

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

**3. PERA Plan (continued)**

As of the November 15, 2013 adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>10 Year Expected Geometric Real Rate of Return</b>
U.S. Equity - Large Cap	26.76%	5.00%
U.S. Equity - Small Cap	4.40%	5.19%
Non U.S. Equity - Develop	22.06%	5.29%
Non U.S. Equity - Emergii	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Govt/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

*Discount rate.* 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 applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

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

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

**3. PERA Plan (continued)**

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded for the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), the AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current 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. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)	2,938,052	1,916,410	1,069,059

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

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

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

**3. PERA Plan (continued)**

*Pension plan fiduciary net position.* Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Health Care Trust Fund

*Plan Description* – The City contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The City is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015 and 2014 the City contributions to the HCTF were \$10,073 and \$9,637, respectively, equal to their required contributions for each year.

**V. Other Information**

**A. Other Retirement Plans**

**1. Deferred Compensation Plans – Section 457**

The City offers employees covered under Public Employees' Retirement Association of Colorado ("PERA"), and its police officers covered under Colorado Fire and Police Pension Association ("FPPA"), two separate deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

**V. Other Information (continued)**

**A. Other Retirement Plans (continued)**

**1. Deferred Compensation Plan - Section 457 (continued)**

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plans' participants and their beneficiaries.

The accrual basis of accounting is used for the plans. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the plan participant and therefore, the plans' investment concentrations vary between participants. The City has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor. The City is neither the trustee nor the administrator for the plans.

**2. Deferred Compensation Plan - Section 401(a)**

In 1991, the City established a defined contribution money purchase plan in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust under code section 401 of the Internal Revenue code. The normal retirement age is age 55 (not to exceed age 65). Only appointed personnel are eligible to participate in the Plan. The City contributes on behalf of each participant 10% of earnings for the Plan Year. Each participant is required to contribute 8% of earnings as a condition of participation in the Plan. Each Participant may make a voluntary (unmatched), after-tax contribution. Participants are 100% vested immediately and may direct their investment, without restriction, among various investment options available under the Trust. City payroll covered by ICMA for 2016 was \$170,376 of the total \$1,690,823. Contributions were \$30,656, which consisted of \$17,031 from the City and \$13,625 from employees.

Upon separation from service for reason other than death, disability, or attainment of Normal Retirement Age, the Participant may elect to commence receiving benefits without regard to age.

The City is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan.

**B. Other Employee Benefits**

**1. Post Employment Health Care Benefits**

All City employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the insurance carrier for premiums from the termination date of coverage and monthly thereafter. No cost to the City is recognized as employees reimburse 100% of their premium cost.

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

**V. Other Information (continued)**

**B. Other Employee Benefits (continued)**

**2. Cafeteria Plan**

The City offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, health expense reimbursement and child care benefits. The plan is administered by Affiliated Benefits Consultants, which approves disbursements from the plan that employees make from a plan debit card. The City paid Allied Benefits Consultants \$1,530 for the administrative services. No other cost to the City is recognized as the plan is a salary reduction plan.

**C. Commitments and Contingencies**

**Land - Pledged as Mortgage**

The City owns various tracts of land which have been acquired for future expansion. Two tracts totaling 93.19 acres have been leased to the High Plains Recreation Association, Incorporated (the "Association") for a term of 99 years ending April 7, 2070, for the purpose of providing and maintaining a public golf course. The City assigned its interest in the property as security for a mortgage loan of the Association with First Farm Bank.

**D. Risk Management**

**Colorado Intergovernmental Risk Sharing Agency**

The City is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The City is insured for such risks as a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). CIRSA is an organization created to provide property and general liability, as well as workers compensation coverage for its member municipalities. CIRSA self insures for amounts ranging from \$100,000 to \$1,000,000 million, depending of the type of coverage. CIRSA provides additional coverage for property claims up to \$500 million and liability coverage for claims up to \$5,000,000.

A summary of audited statutory basis financial information for CIRSA as of and for the year ended December 31, 2016 (the latest audited information available) is as follows:

**Statement of Net Position**

Assets	\$ 87,254,665
Liabilities	36,055,129
Net Position	51,199,536
<b>Total</b>	<b>\$ 87,254,665</b>

**Statement of Activities**

Revenues	\$ 26,382,872
Expenses	21,353,618
<b>Net Income (Loss)</b>	<b>\$ 5,029,254</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Yuma, Colorado**  
**Schedule of Revenues and Transfers in**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Current property taxes	570,000	611,283	41,283	591,371
Specific ownership tax	65,000	64,904	(96)	71,797
General sales tax	1,000,000	983,210	(16,790)	957,101
Occupation tax	4,000	5,198	1,198	4,735
Franchise tax	45,000	36,925	(8,075)	35,295
Interest on property taxes	2,500	2,756	256	3,201
<b>Total Taxes</b>	<b>1,686,500</b>	<b>1,704,276</b>	<b>17,776</b>	<b>1,663,500</b>
<b>Licenses and Permits</b>	<b>5,950</b>	<b>9,672</b>	<b>3,722</b>	<b>6,667</b>
<b>Intergovernmental Revenue:</b>				
State highway users tax	121,000	129,377	8,377	128,981
Road and bridge	25,000	27,309	2,309	25,497
Motor vehicle registration	14,000	14,886	886	15,036
Severance tax	30,000	25,173	(4,827)	78,086
State grants	3,000	52,351	49,351	30,918
Airport fuel tax	1,000	-	(1,000)	286
Cigarette tax	8,000	6,593	(1,407)	7,293
<b>Total Intergovernmental Revenue</b>	<b>202,000</b>	<b>255,689</b>	<b>53,689</b>	<b>286,097</b>
<b>Charges for Services:</b>				
Grain and feed	27,000	27,105	105	27,105
Gas sales	2,250	2,242	(8)	2,998
RV park receipts	-	-	-	11,590
Municipal building lease and rent	10,500	14,025	3,525	16,213
Airport lease and rent	12,000	9,135	(2,865)	12,272
Pool receipts	14,000	11,170	(2,830)	15,159
Other	750	430	(320)	435
<b>Total Charges for Services</b>	<b>66,500</b>	<b>64,107</b>	<b>(2,393)</b>	<b>85,772</b>
<b>Fines and Forfeitures:</b>				
Police fines and other revenue	47,000	40,178	(6,822)	67,626
Library fines and other revenue	7,500	30,742	23,242	6,479
<b>Total Fines and Forfeitures</b>	<b>54,500</b>	<b>70,920</b>	<b>16,420</b>	<b>74,105</b>
<b>Miscellaneous Revenue:</b>				
Interest revenue	1,000	1,182	182	1,524
Recreation user fees	17,000	22,995	5,995	22,855
Community Center	12,500	23,904	11,404	14,935
Contingency and other	8,000	19,453	11,453	17,220
<b>Total Miscellaneous Revenue</b>	<b>38,500</b>	<b>67,534</b>	<b>29,034</b>	<b>56,534</b>
<b>Total Revenues Before Transfers</b>	<b>2,053,950</b>	<b>2,172,198</b>	<b>118,248</b>	<b>2,172,675</b>
<b>Transfers In:</b>				
Electric Fund	500,000	350,000	(150,000)	350,000
<b>Total Transfers In</b>	<b>500,000</b>	<b>350,000</b>	<b>(150,000)</b>	<b>350,000</b>
<b>Total Revenues and Transfers In</b>	<b>2,553,950</b>	<b>2,522,198</b>	<b>(31,752)</b>	<b>2,522,675</b>

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

**City of Yuma, Colorado**  
**Schedule of Expenditures**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	<u>2016</u>			<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Administration:</b>				
Salaries	190,545	219,480	(28,935)	187,817
Retirement and fringe benefits	81,060	89,468	(8,408)	73,583
Insurance	2,390	1,615	775	2,391
Operating supplies	14,400	15,628	(1,228)	16,212
Audit and accounting	33,000	35,008	(2,008)	24,431
Travel and training	9,950	4,055	5,895	5,815
Reporting and recording	2,500	635	1,865	1,828
Utilities	1,200	6,010	(4,810)	3,105
Repairs and maintenance	17,500	19,500	(2,000)	17,336
Capital outlay	27,500	24,216	3,284	17,402
County Treasurer fees	15,000	12,281	2,719	11,892
Attorney	77,230	91,846	(14,616)	61,828
<b>Total Administration</b>	<u>472,275</u>	<u>519,742</u>	<u>(47,467)</u>	<u>423,640</u>
<b>Council:</b>				
Salaries	1,920	1,965	(45)	1,960
Retirement and fringe benefits	615	272	343	268
Travel and training	3,750	3,755	(5)	2,532
Insurance	13,200	17,514	(4,314)	1,827
Other	7,850	2,414	5,436	2,724
Contingencies	28,190	25,115	3,075	19,715
Supplies	4,000	2,943	1,057	2,910
<b>Total Council</b>	<u>59,525</u>	<u>53,978</u>	<u>5,547</u>	<u>31,936</u>
<b>Elections</b>	<u>3,500</u>	<u>2,611</u>	<u>889</u>	<u>-</u>
<b>Total General Government</b>	<u>535,300</u>	<u>576,331</u>	<u>(41,031)</u>	<u>455,576</u>
<b>Judicial</b>	<u>15,520</u>	<u>14,378</u>	<u>1,142</u>	<u>14,330</u>
<b>Public Safety:</b>				
<b>Police and Public Safety:</b>				
Salaries	395,500	382,860	12,640	366,917
Retirement and fringe benefits	151,200	147,952	3,248	128,139
Operating expenses	51,100	31,215	19,885	45,255
Gas and oil	16,800	9,170	7,630	10,285
Insurance	41,600	34,460	7,140	32,367
Utilities	7,000	12,370	(5,370)	9,314
Repairs and maintenance	17,500	12,277	5,223	16,661
Travel and training	9,000	13,091	(4,091)	8,951
Capital outlay	48,500	67,106	(18,606)	69,663
<b>Total Police and Public Safety</b>	<u>738,200</u>	<u>710,501</u>	<u>27,699</u>	<u>687,552</u>

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



**City of Yuma, Colorado**  
**Schedule of Expenditures**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**  
**(Continued)**

	<u>2016</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Expenditures (continued):</b>				
<b>Public Safety - Fire Dept.:</b>				
Salaries	950	950	-	950
Retirement and fringe benefits	12,500	12,367	133	12,501
Operating supplies	12,010	11,380	630	9,514
Travel and training	12,750	5,926	6,824	9,943
Insurance	10,500	7,533	2,967	8,211
Utilities	2,500	2,224	276	991
Repairs and maintenance	8,300	10,232	(1,932)	4,988
Capital outlay	25,000	48,500	(23,500)	7,471
<b>Total Public Safety - Fire Dept.</b>	<u>84,510</u>	<u>99,112</u>	<u>(14,602)</u>	<u>54,569</u>
<b>Total Public Safety</b>	<u>838,230</u>	<u>823,991</u>	<u>14,239</u>	<u>756,451</u>
<b>Highways and Streets:</b>				
<b>Public Works - Street:</b>				
Salaries	169,840	151,288	18,552	108,137
Retirement and fringe benefits	108,260	78,117	30,143	57,848
Maintenance of condition	245,500	52,808	192,692	198,481
Travel and training	32,900	15,020	17,880	14,051
Supplies	24,400	21,701	2,699	15,670
Utilities	4,500	3,866	634	2,203
Insurance	32,700	15,863	16,837	16,048
Repairs and maintenance	22,000	18,482	3,518	12,308
Capital outlay	225,000	-	225,000	-
<b>Total Public Works - Street</b>	<u>865,100</u>	<u>357,145</u>	<u>507,955</u>	<u>424,746</u>
<b>Shop Department:</b>				
Salaries and contract services	57,500	54,987	2,513	79,521
Retirement and fringe benefits	11,319	12,964	(1,645)	21,931
Operating supplies	13,350	11,277	2,073	12,910
Insurance	14,250	9,769	4,481	8,263
Utilities	21,750	20,473	1,277	16,933
Repairs and maintenance	24,000	29,116	(5,116)	16,827
Travel and training	8,350	4,697	3,653	4,815
Capital outlay	40,000	-	40,000	-
<b>Total Shop Department</b>	<u>190,519</u>	<u>143,283</u>	<u>47,236</u>	<u>161,200</u>
<b>Total Highways and Streets</b>	<u>1,055,619</u>	<u>500,428</u>	<u>555,191</u>	<u>585,946</u>
<b>Airport:</b>				
Salaries	6,000	3,030	2,970	3,258
Retirement and fringe benefits	1,692	890	802	1,053
Operating supplies	4,650	1,007	3,643	833
Repairs and maintenance	9,500	9,214	286	6,425
Insurance	3,500	3,081	419	4,710
Utilities	4,000	2,583	1,417	3,286
<b>Total Airport</b>	<u>29,342</u>	<u>19,805</u>	<u>9,537</u>	<u>19,565</u>

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

**City of Yuma, Colorado**  
**Schedule of Expenditures**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**  
**(Continued)**

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
<b>Expenditures: (continued)</b>				
<b>Culture and Recreation:</b>				
<b>Recreation and Pool:</b>				
Salaries	108,470	80,007	28,463	107,703
Retirement and fringe benefits	49,633	31,159	18,474	31,845
Operating supplies	25,300	18,502	6,798	21,208
Insurance	8,125	1,921	6,204	5,454
Utilities	13,000	6,996	6,004	8,915
Repairs and maintenance	13,500	7,947	5,553	7,378
Travel and training	7,450	4,476	2,974	4,820
Capital outlay	37,000	-	37,000	8,306
Programs and concessions	9,750	9,623	127	9,545
<b>Total Recreation and Pool</b>	<b>272,228</b>	<b>160,631</b>	<b>111,597</b>	<b>205,174</b>
<b>Community Center:</b>				
Salaries	34,050	31,247	2,803	43,505
Retirement and fringe benefits	14,230	27,416	(13,186)	31,276
Operating supplies and expenses	7,475	8,004	(529)	4,869
Repairs and maintenance	4,500	7,658	(3,158)	7,917
Insurance	5,050	2,744	2,306	4,088
Utilities	6,500	4,603	1,897	4,558
Capital outlay	20,000	17,086	2,914	484
<b>Total Community Center</b>	<b>91,805</b>	<b>98,758</b>	<b>(6,953)</b>	<b>96,697</b>
<b>Parks:</b>				
Salaries	56,340	48,772	7,568	40,451
Retirement and fringe benefits	36,210	28,296	7,914	25,494
Operating supplies	4,450	4,177	273	3,322
Mosquito control	4,000	1,928	2,072	1,798
Tree trimming	7,500	8,216	(716)	-
Fertilizer and chemicals	5,500	742	4,758	4,164
Travel and training	4,000	2,415	1,585	1,846
Insurance	4,500	2,254	2,246	3,486
Utilities	2,250	2,426	(176)	1,862
Repairs and maintenance	5,500	11,185	(5,685)	3,373
Capital outlay	50,000	59,621	(9,621)	-
<b>Total Parks</b>	<b>180,250</b>	<b>170,032</b>	<b>10,218</b>	<b>85,796</b>
<b>Library:</b>				
Salaries	91,650	85,502	6,148	73,428
Retirement and fringe benefits	40,525	33,861	6,664	30,545
Operating supplies and magazines	16,750	18,529	(1,779)	22,008
Insurance	3,135	574	2,561	2,230
Utilities	2,600	3,469	(869)	2,747
Repairs and maintenance	1,500	1,297	203	642
Capital outlay	3,000	2,957	43	2,062
Books	9,700	10,029	(329)	10,046
Travel and training	1,500	597	903	487
<b>Total Library</b>	<b>170,360</b>	<b>156,815</b>	<b>13,545</b>	<b>144,195</b>
<b>Total Culture and Recreation</b>	<b>714,643</b>	<b>586,236</b>	<b>128,407</b>	<b>531,862</b>
<b>Total Expenditures</b>	<b>3,173,134</b>	<b>2,506,791</b>	<b>666,343</b>	<b>2,349,400</b>

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

**City of Yuma, Colorado**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual**  
**Conservation Trust Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
State lottery funds	30,000	39,603	9,603	34,128
Interest	20	62	42	46
<b>Total Revenues</b>	<b>30,020</b>	<b>39,665</b>	<b>9,645</b>	<b>34,174</b>
<b>Expenditures:</b>				
Repairs and maintenance	65,000	16,077	48,923	-
<b>Total Expenditures</b>	<b>65,000</b>	<b>16,077</b>	<b>48,923</b>	<b>-</b>

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

**City of Yuma**  
**Schedule of Changes in Net Pension Asset / Liability**  
**City of Yuma Volunteer Pension Fund**  
**Last 10 Fiscal Years (To be built prospectively)**

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	1,628	1,114
Interest on the Total Pension Liability	18,376	18,528
Difference between Expected and Actual Experience	-	(1,781)
Benefit Payments	<u>(20,300)</u>	<u>(19,975)</u>
<b>Net Change in Total Pension Liability</b>	<u>(296)</u>	<u>(2,114)</u>
<b>Total Pension Liability - Beginning</b>	<u>254,181</u>	<u>256,295</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>253,885</u></u>	<u><u>254,181</u></u>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	10,000	10,000
Pension Plan Net Investment Income	9,544	33,003
Benefit Payments	(20,300)	(19,975)
Pension Plan Administrative Expense	(1,978)	(1,143)
State of Colorado supplemental discretionary payment	<u>8,780</u>	<u>8,739</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>6,046</u>	<u>30,624</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>519,783</u>	<u>489,159</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>525,829</u></u>	<u><u>519,783</u></u>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u><u>(271,944)</u></u>	<u><u>(265,602)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	207.11%	204.49%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability for the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

No changes during the years presented above.

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

No changes during the years presented above.

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

No changes during the years presented above.

**City of Yuma**  
**Schedule of Employer's Proportionate Share of Net Pension Asset / Liability**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

<b>Defined Benefit:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Employer's portion of the net pension asset	0.063715%	0.056683%	0.07144%
Employer's proportionate share of the net pension asset	\$ 1,123	\$ 63,971	\$ 63,876
Employer's covered-employee payroll	\$ 316,785	\$ 266,271	\$ 310,265
Employer's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0%	24%	21%
Plan fiduciary net position as a percentage of the total pension asset	100.1%	106.8%	105.8%

\* Information is only available beginning in fiscal year 2013.

\*\* Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

No changes during the years presented above.

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

No changes during the years presented above.

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

No changes during the years presented above.

**City of Yuma  
Schedule of City Contributions  
City of Yuma Volunteer Pension Fund  
Last 10 Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 18,780	\$ 18,739
Actual contribution**	<u>18,780</u>	<u>18,739</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A

\* Information is only available beginning in fiscal year 2014.

\*\* Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Notes to the Schedule of Employer Contributions For the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

No changes during the years presented above.

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

No changes during the years presented above.

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

No changes during the years presented above.

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

<b>Defined Benefit:</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Statutorily required contribution	\$ 24,710	\$ 20,392	\$ 24,821
Contributions in relation to the statutorily required contribution	<u>(24,710)</u>	<u>(20,392)</u>	<u>(24,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$316,785	\$266,271	\$310,265
Contributions as a percentage of covered-employee payroll	8%	8%	8%

\* Information is only available beginning in fiscal year 2013.

\*\* Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Notes to the Schedule of Employer Contributions For the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

No changes during the years presented above.

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

No changes during the years presented above.

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

No changes during the years presented above.

**City of Yuma**  
**Schedule of Employer's Proportionate Share of the Net Pension Liability**  
**Colorado Public Employees' Retirement Association Local Government Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability	0.1740%	0.1725%
Employer's proportionate share of the net pension liability	1,916,410	1,546,295
Employer's covered-employee payroll	\$ 987,575	\$ 944,828
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.1%	163.7%
Plan fiduciary net position as a percentage of the total pension liability	76.9%	80.7%

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

**Notes to the Schedule of Employers Proportionate Share of the Net Pension Liability  
For the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

The following programming changes were made:

- Valuation of The full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefits forms.

The following methodology changes were made:

- Recognition of merit salary increase in the first projection year.
- Elimination of the assumptions that 35% of future disabled members to elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

No changes during the years presented above.

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

No changes during the years presented above.



**City of Yuma**  
**Schedule of Employer Contributions**  
**Colorado Public Employees' Retirement Association Local Government Trust Fund**  
**Last 10 Fiscal Years \***

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 125,279	\$ 119,867
Contributions in relation to the contractually required contribution	<u>\$ 125,279</u>	<u>\$ 119,867</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 987,575	\$ 944,828
Contributions as a percentage of covered-employee payroll	12.69%	12.69%

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

**Notes to the Schedule of Employer Contributions For the Year Ended December 31, 2015:**

**Note 1. Changes of assumptions.**

The following programming changes were made:

- Valuation of The full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefits forms.

The following methodology changes were made:

- Recognition of merit salary increase in the first projection year.
- Elimination of the assumptions that 35% of future disabled members to elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating m
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

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

No changes during the years presented above.

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

No changes during the years presented above.

**SUPPLEMENTARY INFORMATION**

**City of Yuma, Colorado**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual**  
**Capital Projects Fund - Other**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	<u>2016</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2015</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Sales tax allocation	295,000	295,000	463,897	168,897	572,720
Federal grant income	4,823,095	4,823,095	4,716,031	(107,064)	87,414
State grant income	1,532,949	1,532,949	1,478,325	(54,624)	44,013
Donations and other income	900	900	3,416	2,516	96
Interest	1,050	1,050	2,191	1,141	2,402
<b>Total Revenues</b>	<u>6,652,994</u>	<u>6,652,994</u>	<u>6,663,860</u>	<u>10,866</u>	<u>706,645</u>
<b>Expenditures:</b>					
Capital outlay	7,973,995	9,900,000	8,379,208	1,520,792	183,199
<b>Total Expenditures</b>	<u>7,973,995</u>	<u>9,900,000</u>	<u>8,379,208</u>	<u>1,520,792</u>	<u>183,199</u>
<b>Other Financing Sources (Uses):</b>					
Sale of assets	-	-	16,294	16,294	-
Transfers in	-	-	164,632	164,632	-
<b>Total Other Financing Sources (Uses):</b>	<u>-</u>	<u>-</u>	<u>180,926</u>	<u>180,926</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	<u>(1,321,001)</u>	<u>(3,247,006)</u>	<u>(1,534,422)</u>	<u>(1,712,584)</u>	<u>523,446</u>

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

**City of Yuma, Colorado**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Pledged sales tax revenue	190,000	190,000	190,000	-	190,000
Interest	650	650	803	153	464
<b>Total Revenues</b>	190,650	190,650	190,803	153	190,464
<b>Expenditures:</b>					
Administration	150	52,210	41,953	10,257	150
Principal	105,000	149,437	105,000	44,437	95,000
Interest	85,313	115,313	113,528	1,785	91,250
<b>Total Expenditures</b>	190,463	316,960	260,481	56,479	186,400
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(100)	(165,100)	(164,632)	468	(96)
Proceeds from bond issuance	-	-	1,140,000	1,140,000	-
Payment to refunding escrow agent	-	(105,000)	(1,260,000)	(1,155,000)	-
<b>Total Other Financing Sources (Uses)</b>	(100)	(270,100)	(284,632)	(14,532)	(96)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	87	(396,410)	(354,310)	42,100	3,968

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

City of Yuma, Colorado  
Schedule of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual  
With Reconciliation to GAAP Basis  
Proprietary Funds  
For the Year Ended December 31, 2016  
(With Comparative Actual Amounts for 2015)

	Electric Fund				Water Fund				Sewer Fund				
	2016		2015		2016		2015		2016		2015		
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>													
Commercial charges	1,626,075	1,710,068	83,993	1,563,755	-	-	-	-	-	-	-	-	-
Residential charges	1,337,000	1,243,428	(93,572)	1,225,753	-	-	-	-	-	-	-	-	-
Other receipts	32,300	79,791	47,491	41,103	1,500	3,408	1,908	1,128	1,400	1,400	1,159	(241)	3,991
Water sales	-	-	-	-	465,000	464,518	(482)	475,547	-	-	-	-	-
Sewer charges	-	-	-	-	-	-	-	-	340,000	340,000	368,723	28,723	368,563
Transfer from other funds	39,000	39,000	-	39,000	-	-	-	-	(15,000)	-	-	-	-
Tap fees	-	-	-	-	3,500	13,500	10,000	100	1,120	1,120	6,496	5,376	1,120
<b>Total Revenues</b>	<u>3,034,375</u>	<u>3,072,287</u>	<u>37,912</u>	<u>2,869,611</u>	<u>470,000</u>	<u>481,426</u>	<u>11,426</u>	<u>476,775</u>	<u>327,520</u>	<u>342,520</u>	<u>376,378</u>	<u>33,858</u>	<u>373,674</u>
<b>Expenditures:</b>													
Electricity purchased	2,218,000	1,990,166	227,834	2,006,714	-	-	-	-	-	-	-	-	-
Repairs and maintenance	155,000	56,276	98,724	45,824	88,000	49,840	38,160	79,368	72,750	72,750	120,313	(47,563)	56,942
Supplies	29,900	13,740	16,160	17,944	11,700	16,778	(5,078)	6,746	9,000	9,000	8,159	841	3,473
Benefits and payroll taxes	92,650	72,457	20,193	67,115	81,980	63,342	18,638	62,310	79,760	79,760	67,570	12,190	59,014
Salaries	200,250	183,923	16,327	158,483	143,500	87,391	56,109	122,181	146,200	146,200	136,381	9,819	113,598
Insurance	17,250	12,561	4,689	8,218	10,875	7,232	3,643	6,727	11,650	11,650	7,159	4,491	7,450
Gas and oil	-	-	-	-	5,500	3,367	2,133	3,089	8,000	8,000	3,071	4,929	3,536
Utilities	16,500	11,318	5,182	10,369	10,000	18,690	(8,690)	15,635	3,000	3,000	3,206	(206)	3,436
Legal	10,000	325	9,675	6,325	-	-	-	-	-	-	-	-	-
Contributions to other governments	-	-	-	-	17,625	17,620	5	17,620	-	-	-	-	-
Capital outlay	183,500	16,402	167,098	13,028	640,000	38,574	601,426	-	150,000	150,000	-	150,000	-
Miscellaneous	407,675	6,323	401,352	5,235	574,180	4,822	569,358	3,984	171,030	171,880	4,369	167,511	4,073
Engineering consultant	-	-	-	-	-	-	-	-	10,000	10,000	177	9,823	3,610
Transfers to other funds	500,000	350,000	150,000	350,000	24,000	24,000	-	24,000	-	15,000	15,000	-	15,000
<b>Total Expenditures and Transfers</b>	<u>3,830,725</u>	<u>2,713,491</u>	<u>1,117,234</u>	<u>2,689,255</u>	<u>1,607,360</u>	<u>331,656</u>	<u>1,275,704</u>	<u>341,660</u>	<u>661,390</u>	<u>677,240</u>	<u>365,405</u>	<u>311,835</u>	<u>270,132</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Transfers Budget (Non-GAAP Basis)</b>	<u>(796,350)</u>	<u>358,796</u>	<u>1,155,146</u>	<u>180,356</u>	<u>(1,137,360)</u>	<u>149,770</u>	<u>1,287,130</u>	<u>135,115</u>	<u>(333,870)</u>	<u>(334,720)</u>	<u>10,973</u>	<u>345,693</u>	<u>103,542</u>
<b>Reconciliation to GAAP Basis:</b>													
Depreciation		(149,907)		(150,221)		(149,605)		(149,672)			(177,196)		(180,252)
Bad debt		(7,167)		(3,809)		(876)		(649)			(701)		(708)
<b>Net Income - GAAP Basis</b>		<u>201,722</u>		<u>26,326</u>		<u>(711)</u>		<u>(15,206)</u>			<u>(166,924)</u>		<u>(77,418)</u>

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

**City of Yuma, Colorado**  
**Schedule of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual**  
**With Reconciliation to GAAP Basis**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**  
**(Continued)**

	<b>Sanitation Fund</b>				<b>Ambulance Fund</b>			
	<b>2016</b>		<b>2015</b>		<b>2016</b>		<b>2015</b>	
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Final Budget Variance Positive (Negative)</b>	<b>Actual</b>	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Final Budget Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>								
Other receipts	200	4,152	3,952	3,616	550	2,411	1,861	1,223
Grants and contributions	-	-	-	-	90,500	100,770	10,270	3,605
Sanitation charges	317,500	327,686	10,186	325,036	-	-	-	-
Ambulance charges	-	-	-	-	300,000	400,258	100,258	492,173
<b>Total Revenues</b>	<b>317,700</b>	<b>331,838</b>	<b>14,138</b>	<b>328,652</b>	<b>391,050</b>	<b>503,439</b>	<b>112,389</b>	<b>497,001</b>
<b>Expenditures:</b>								
Recycling expenses	1,500	-	1,500	58	-	-	-	-
Landfill expense	77,000	69,152	7,848	68,878	-	-	-	-
Repairs and maintenance	15,000	9,165	5,835	9,033	22,250	24,925	(2,675)	28,934
Supplies	24,800	5,523	19,277	10,905	12,325	7,559	4,766	16,419
Benefits and payroll taxes	56,155	46,132	10,023	38,421	53,065	34,700	18,365	34,436
Salaries	85,250	82,318	2,932	67,041	195,000	179,647	15,353	196,440
Insurance	9,500	3,584	5,916	4,216	10,000	10,756	(756)	8,587
Gas and oil	23,000	10,509	12,491	12,719	15,000	8,394	6,606	14,278
Utilities	800	725	75	949	4,500	5,398	(898)	4,363
Capital outlay	-	-	-	-	255,250	400	254,850	2,275
Other	5,100	4,961	139	5,026	181,540	6,970	174,570	4,383
<b>Total Expenditures and Transfers</b>	<b>298,105</b>	<b>232,069</b>	<b>66,036</b>	<b>217,246</b>	<b>748,930</b>	<b>278,749</b>	<b>470,181</b>	<b>310,115</b>
<b>Excess (Deficiency) of Revenues Over Expenditures and Transfers Budget (Non-GAAP Basis)</b>	<b>19,595</b>	<b>99,769</b>	<b>80,174</b>	<b>111,406</b>	<b>(357,880)</b>	<b>224,690</b>	<b>582,570</b>	<b>186,886</b>
<b>Reconciliation to GAAP Basis:</b>								
Depreciation		(61,532)		(61,532)		(64,592)		(89,867)
Bad debt		(659)		(577)		(20,368)		(47,981)
Gain (loss) on sale of assets		-		-		(14,500)		-
<b>Net Income - GAAP Basis</b>		<b>37,578</b>		<b>49,297</b>		<b>125,230</b>		<b>49,038</b>

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

**City of Yuma, Colorado**  
**Schedule of Additions and Deductions**  
**Budget and Actual**  
**Pension Trust Fund**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for 2015)**

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
<b>Additions:</b>				
City contributions	10,000	10,000	-	10,000
State contributions	8,100	9,000	900	8,780
Net investment gain	-	26,918	26,918	7,565
	<b>18,100</b>	<b>45,918</b>	<b>27,818</b>	<b>26,345</b>
<b>Deductions:</b>				
Benefits	24,000	19,238	4,762	20,300
	<b>24,000</b>	<b>19,238</b>	<b>4,762</b>	<b>20,300</b>

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Yuma
YEAR ENDING : December 2016	
This Information From The Records Of (example - City of _ or County of _):	Prepared By: Karma Wells Phone: 970-848-3878

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	354,475
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	15,760
2. General fund appropriations	514,092	b. Snow and ice removal	2,767
3. Other local imposts (from page 2)	64,904	c. Other	0
4. Miscellaneous local receipts (from page 2)	34,368	d. Total (a. through c.)	18,527
5. Transfers from toll facilities	0	4. General administration & miscellaneous	33,830
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	351,059
a. Bonds - Original Issues	0	6. Total (1 through 5)	757,891
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	613,364	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	144,527	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	757,891	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	757,891

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		757,891	757,891		0

Notes and Comments:



**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2016

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	34,368
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	64,904	g. Other Misc. Receipts	0
6. Total (1. through 5.)	64,904	h. Other	0
c. Total (a. + b.)	64,904	i. Total (a. through h.)	34,368
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	129,641	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	14,886	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	14,886	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	144,527	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

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

Notes and Comments:

**REPORTS AND SCHEDULES FOR REPORTING REQUIREMENTS  
OF UNIFORM GUIDANCE**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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

**To the Honorable Mayor and City Council  
City of Yuma**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Yuma (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2017.

### ***Internal Control Over Financial Reporting***

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

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

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

*Member: American Institute of Certified Public Accountants*

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MICHAEL N. JENKINS, CA, CPA, CGMA  
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**INDEPENDENT AUDITOR'S REPORT  
To the Honorable Mayor and City Council  
City of Yuma**

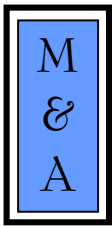
***Compliance and Other Matters***

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

***Purpose of this Report***

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

**McMahan and Associates, L.L.C.  
June 30, 2017**



# MCMAHAN AND ASSOCIATES, L.L.C.

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

**To the Honorable Mayor and City Council  
City of Yuma**

### ***Report on Compliance for Each Major Program***

We have audited the City of Yuma's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

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

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

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR's REPORT  
To the Honorable Mayor and City Council  
City of Yuma**

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

***Report on Internal Control Over Compliance***

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

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

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

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

**McMahan and Associates, L.L.C.  
June 30, 2017**

**City of Yuma, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2016**

**Part I – Summary of Auditor’s Results**

*Financial Statements:*

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

*Federal Awards:*

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs:	
Federal Aviation Airport Improvement Grant	CFDA #20.106
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

**Part II – Findings Related to Financial Statements**

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

**Part III – Findings Related to Federal Awards**

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

**City of Yuma**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2016**

There were no findings for the fiscal year ended December 31, 2015.



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Program Title	Federal CFDA Number	Major Program	Expenditures
<b>U.S. Department of Transportation:</b>			
<b>Direct Programs:</b>			
Federal Aviation Airport Improvement Grant	20.106	Yes	\$ 4,716,031
<b>Total - U.S. Department of Transportation</b>			<u>4,716,031</u>
<b>TOTAL</b>			<u>\$ 4,716,031</u>

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2016**

**Note 1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Yuma and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the general purpose financial statements.

**Note 2. Determining the Value of Non-cash Awards Expended**

There were no non-cash awards expended during 2016.

**Note 3. Indirect Facilities and Administration Costs**

The City has not elected to use the 10% de minimis cost rate allowed in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

**Note 4. Sub-recipients**

There were no sub-recipients for the year ended December 31, 2016.