TOWN OF RICO, COLORADO

FINANCIAL STATEMENTS

December 31, 2016

TOWN OF RICO

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December 31, 2016

Hamblin and Associates, LLC
Certified Public Accountants
Member of the American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Rico, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rico, 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

Required Supplementary Information

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rico’s financial statements as a whole. The budgetary comparison schedules of the enterprise funds and the Local Highway Finance Report are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

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

Hamblin and Associates

Evergreen, Colorado
June 2, 2017

Basic Financial Statements

TOWN OF RICO, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	$ 1,158,049	$ 642,767	$ 1,800,816
Taxes Receivable	98,622	22,011	120,633
Prepaid Expenses	448	-	448
Accounts Receivable	-	20,791	20,791
TOTAL CURRENT ASSETS	1,257,119	685,569	1,942,688
PROPERTY AND EQUIPMENT			
Total Fixed Assets	1,803,006	3,411,065	5,214,071
Less Accumulated Depreciation	(538,049)	(415,443)	(953,492)
NET PROPERTY AND EQUIPMENT	1,264,957	2,995,622	4,260,579
TOTAL ASSETS	2,522,076	3,681,191	6,203,267
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	-	7,576	7,576
Accrued Payroll	3,164	-	3,164
Current Portion - Notes	-	2,389	2,389
Current Portion - Bonds	-	2,000	2,000
TOTAL CURRENT LIABILITIES	3,164	11,965	15,129
LONG-TERM LIABILITIES			
Notes	-	2,413	2,413
Bonds	-	2,000	2,000
TOTAL LONG-TERM LIABILITIES	-	4,413	4,413
TOTAL LIABILITIES	3,164	16,378	19,542
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax	98,622	22,011	120,633
NET POSITION			
Net Investment in Capital Assets	1,264,957	2,986,820	4,251,777
Restricted for Emergencies	13,455	-	13,455
Restricted, Other	30,131	-	30,131
Unrestricted	1,111,747	655,982	1,767,729
TOTAL NET POSITION	$ 2,420,290	$ 3,642,802	$ 6,063,092

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

TOWN OF RICO, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities							
General Government	$ 300,163	$ 118,780	$ -	$ 54,125	$ (127,258)	$ -	$ (127,258)
Public Works	48,901	-	-	-	(48,901)	-	(48,901)
Culture and Recreation	116,159	-	2,776	-	(113,383)	-	(113,383)
TOTAL GOVERNMENTAL ACTIVITIES	465,223	118,780	2,776	54,125	(289,542)	-	(289,542)
Business - Type Activities							
Current:							
Water Operations	95,554	144,115	-	-	-	48,561	48,561
Sewer	19,709	-	-	-	-	(19,709)	(19,709)
TOTAL BUSINESS-TYPE ACTIVITIES	115,263	144,115	-	-	-	28,852	28,852
TOTAL PRIMARY GOVERNMENT	$ 580,486	$ 262,895	$ 2,776	$ 54,125	(289,542)	28,852	(260,690)
GENERAL REVENUES							
Taxes:							
Property Taxes					82,147	21,856	104,003
Specific Ownership Taxes					3,147	827	3,974
Sales and Use Tax					108,815	-	108,815
Other Taxes					77,474	-	77,474
Miscellaneous					611	-	611
Interest Income					610	762	1,372
TOTAL GENERAL REVENUES					272,804	23,445	296,249
CHANGE IN NET POSITION					(16,738)	52,297	35,559
NET POSITION - Beginning of Year					2,538,449	3,590,505	6,128,955
Change in estimate (Note 12)					(101,421)	-	(101,421)
NET POSITION - End of Year					$ 2,420,290	$ 3,642,802	$ 6,063,093

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

TOWN OF RICO, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

	GENERAL	STREET	NON-MAJOR GOVERMENTAL FUNDS	TOTAL
ASSETS				
Cash and equivalents	$ 901,504	$ 146,659	109,886	$ 1,158,049
Prepaid expense	448	-	-	448
Property taxes receivable	72,757	25,865	-	98,622
TOTAL ASSETS	$ 974,709	$ 172,524	$ 109,886	$ 1,257,119
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Payroll related liabilities	3,164	-	-	3,164
TOTAL LIABILITIES	3,164	-	-	3,164
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	72,757	25,865	-	98,622
FUND BALANCE				
Restricted for TABOR	13,455	-	-	13,455
Restricted, Other	-	-	30,131	30,131
Assigned	-	146,659	79,755	226,414
Unassigned	885,333	-	-	885,333
TOTAL FUND BALANCE	898,788	146,659	109,886	1,155,333
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 974,709	$ 172,524	$ 109,886	$ 1,257,119

Total Fund Balance of Governmental Funds	$ 1,155,333
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets	1,803,006
Accumulated Depreciation	(538,049)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$ 2,420,290

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

TOWN OF RICO, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

Year Ended December 31, 2016

	GENERAL	STREET	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Taxes:				
Property Tax	$ 72,243	$ 9,904	$ -	82,147
Sales Tax	88,995	9,910	9,910	108,815
Other	4,100	31,492	1,151	36,743
Intergovernmental	44,506	-	-	44,506
General government	118,152	-	-	118,152
Lottery Proceeds	-	-	2,776	2,776
Interest	510	73	27	610
Special Projects	16,793	-	37,332	54,125
Miscellaneous	611	-	-	611
TOTAL REVENUES	345,910	51,379	51,196	448,485
EXPENDITURES				
General Government	282,974	-	-	282,974
Public Works	-	41,710	-	41,710
Culture and Recreation	73,554	-	41,762	115,316
TOTAL EXPENDITURES	356,528	41,710	41,762	440,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,618)	9,669	9,434	8,485
FUND BALANCE, Beginning	909,406	136,990	100,452	1,146,848
FUND BALANCE, Ending	$ 898,788	$ 146,659	$ 109,886	$ 1,155,333

Net Change in Fund Balances - Total Governmental Funds	$ 8,485
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Depreciation expense is not recorded in governmental funds.	(25,223)
Change in Net Position - Governmental Activities	$ (16,738)

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

TOWN OF RICO, COLORADO

STATEMENT OF NET POSITION
ENTERPRISE FUNDS

December 31, 2016

	WATER	SEWER	TOTAL
ASSETS			
CURRENT ASSETS			
Cash	$ 461,198	$ 181,569	$ 642,767
Receivables	20,791	-	20,791
Taxes receivable	-	22,011	22,011
TOTAL CURRENT ASSETS	481,989	203,580	685,569
FIXED ASSETS			
Land & Improvement	3,362,552	-	3,362,552
Buildings	48,513	-	48,513
Total Fixed Assets	3,411,065	-	3,411,065
Less: accumulated depreciation	(415,443)	-	(415,443)
NET FIXED ASSETS	2,995,622	-	2,995,622
TOTAL ASSETS	3,477,611	203,580	3,681,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	7,576	-	7,576
Current portion of long-term debt:			
Bonds payable	2,000	-	2,000
Notes payable	2,389	-	2,389
TOTAL CURRENT LIABILITIES	11,965	-	11,965
LONG-TERM LIABILITIES - NET OF CURRENT MATURITIES			
Bonds payable	2,000	-	2,000
Notes payable	2,413	-	2,413
TOTAL LIABILITIES	16,378	-	16,378
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	22,011	22,011
NET POSITION			
Net Investment in Capital Assets	2,986,820	-	2,986,820
Unrestricted	474,413	181,569	655,982
TOTAL NET POSITION	$ 3,461,233	$ 181,569	$ 3,642,802

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

TOWN OF RICO, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS

Year Ended December 31, 2016

	WATER	SEWER	TOTAL
OPERATING REVENUES			
Charges to customers	$ 142,643	$ -	$ 142,643
Other	1,472	-	1,472
TOTAL OPERATING REVENUES	144,115	-	144,115
OPERATING EXPENSES			
Salaries	58,498	14,186	72,684
Employee Benefits - Life	31	-	31
Attorney	220	-	220
Auditor	2,125	2,125	4,250
Repairs and maintenance	1,603	-	1,603
Engineer service	1,860	-	1,860
Insurance	3,593	2,943	6,536
Supplies	6,027	-	6,027
Water samples	2,784	-	2,784
Electric	5,140	-	5,140
Propane	832	-	832
Dolores Water Conservancy	2,700	-	2,700
Miscellaneous	275	20	295
Capital outlay	4,311	-	4,311
Treasurers fees	-	435	435
Interest expense	372	-	372
Depreciation expense	5,183	-	5,183
TOTAL OPERATING EXPENSES	95,554	19,709	115,263
NET INCOME (LOSS) FROM OPERATIONS	48,561	(19,709)	28,852
NON-OPERATING REVENUE (EXPENSE)			
Interest revenue	671	91	762
Property taxes	-	21,856	21,856
Specific ownership taxes	-	827	827
TOTAL NON-OPERATING REVENUE	671	22,774	23,445
CHANGE IN NET POSITION	49,232	3,065	52,297
NET POSITION, Beginning	3,412,001	178,504	3,590,505
NET POSITION, Ending	$ 3,461,233	$ 181,569	$ 3,642,802

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

TOWN OF RICO, COLORADO

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

Year Ended December 31, 2016

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 151,706	$ -	$ 151,706
Cash paid for expenses and employees	(446,949)	(19,709)	(466,658)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(295,243)	(19,709)	(314,952)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments	(4,365)	-	(4,365)
Interest	(370)	-	(370)
Grants	153,341	-	153,341
Property Taxes	-	21,856	21,856
Specific Ownership Taxes	-	827	827
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	148,606	22,683	171,289
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	671	91	762
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(145,966)	3,065	(142,901)
CASH AND CASH EQUIVALENTS, Beginning of Year	607,164	178,504	785,668
CASH AND CASH EQUIVALENTS, End of Year	$ 461,198	$ 181,569	$ 642,767
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	$ 48,561	$ (19,709)	$ 28,852
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	5,183	-	5,183
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	9,063	-	9,063
(Decrease) increase in:			
Accounts payable	(358,050)	-	(358,050)
Total adjustments	(343,804)	-	(343,804)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (295,243)	$ (19,709)	$ (314,952)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rico, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Definition of the Reporting Entity

The Town of Rico, Colorado was incorporated in October 11, 1897 in Dolores County, and is governed by a seven member elected Board of Trustees. As required by generally accepted accounting principles, these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments.

The Town provides general government, public works (road and streets), water, sewer, and parks and recreation for the geographical area organized as the Town of Rico, Colorado. The Town contracts with the County for police protection. The Rico Fire Protection District (not a component unit) provides fire protection.

B. Fund Accounting

The government-wide financial statement (i.e., the statement of net position and the statement of activities) reports information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements (Continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports two major governmental funds:

- **The General Fund** is the Town's primary operating fund. It accounts for the general operations of the Town, which includes the following departments: Legislative, Judicial, Administration, Public Safety-Police, Community Development and Public Works.

- **The Street Fund** accounts for expenditures designated for streets and infrastructure maintenance.

The Town reports two non-major governmental funds:

- **The Conservation Trust Fund** accounts for State of Colorado lottery funds to be used for acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.

- **The Parks, Open Space, and Recreation Fund** accounts for special revenues and expenditures designated for operating and maintaining parks and recreation programs.

The Town reports the following major business-type activity funds:

- **The Water Fund** accounts for the Town's water distribution system.

- **The Sewer Fund** accounts for revenues collected to establish a solid waste facility.

D. Measurement Focus and Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make: (1) estimates and assumptions that affect the reported amounts of assets and liabilities and (2) disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred `revenue in the governmental and enterprise funds.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

Assets Class	Dollar Value
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	$ 5,000
Furniture and Equipment	$ 5,000
Infrastructure	$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Buildings	25 – 50 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 – 45 years
Furniture and Equipment	5 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position. Bond premium and discounts, are deferred and amortized over the term of the related debt using the straight-line method of amortization. Bond issuance costs are expensed in the period incurred.

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

K. Net Position

In the government-wide financial statements, net position represent the difference between assets and liabilities. Net capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position portion of equity is reported as restricted when there are limitations imposed on use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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

L. Fund Balances

In the governmental fund financial statements, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders or other debt holders, contributors, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority through an ordinance or resolution. Committed fund balance can also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The Town reported no such amounts at December 31, 2016.

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority. The Capital Reserve amount reported is also described in the Town's annual budget document.

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The Town considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note 14 - TABOR).

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by grant agreements. Designations of fund balance represent tentative management plans that are subject to change.

M. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds". Nonrecurring or nonroutine permanent transfers of equity and all interfund transfers are reported as transfers in and transfers out. Any residual balances outstanding between the governmental activities and business-type activities are either eliminated or reported in the government-wide financial statements as "internal balances".

NOTE 2: BUDGETARY REQUIREMENTS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The Enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

By October 15, the Town Manager (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1, to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which require a balanced budget. Expenditures in excess of appropriations may violate Colorado Revised Statutes and must be reported to the State Auditor.

The Combined Statements of Revenues, Expenditures and Changes in Fund Balances for all fund types include comparisons to budget. Financial statements of the Enterprise Funds are presented in the accompanying Financial Statements on a Non-GAAP and GAAP basis. Budget amounts, included in the financial statements, are as originally adopted and as amended by Board of Trustees.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the government fund statements during the consolidation of governmental activities.

NOTE 4: CASH, DEPOSITS AND INVESTMENTS

A. Cash

A summary of the Town's cash and investments at December 31, 2016 follows:

Type	Rating	Carrying Value
Deposits:		
Demand deposits		$ 1,731,800
Cash with County Treasurer		375
		1,732,175
Investments:		
Colotrust	AAAm by S & P	68,641
Total deposits and investments		$ 1,800,816
Reconciliation to Statement of Net Position		
Current:		
Cash and Investments		$ 1,800,816

B. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash only in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution. The eligible collateral is determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

C. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

Interest Rate Risk The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investment choices. At December 31, 2016 the Town’s investment in the Colorado Government Liquid Assets Trust (COLOTRUST) was rated AAAm by Standard & Poor’s.

NOTE 4: CASH, DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk The Town places no limit on the amount the Town may invest in any one issuer.

The Town invests in one investment pool, the Colorado Liquid Assets Trust (COLOTRUST). The investment is not categorized because the investment is not evidenced by securities that exist in physical book entry form. At December 31, 2016, the Town had an investment of $68,641 market and carrying value.

NOTE 5: PROPERTY TAXES

Property taxes are collected on behalf of the Town by Dolores County and then remitted to the Town. The property tax is levied and certified in November of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year.

Secured property taxes are: (1) due in two equal installments on February 28 and June 15 and (2) delinquent after February 28 and June 15, respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, since they are not due until the following year. Property tax revenue is recognized when it is collected by Dolores County.

NOTE 6: CAPITAL ASSETS

Here is a summary of changes in Governmental Activity Capital Assets for the year ended December 31, 2016:

GOVERNMENTAL ACTIVITIES	Balance January 1, 2016	Additions	Deletions/ Corrections	Balance December 31, 2016
Capital Assets not being depreciated:				
Land	$ 603,760	$ -	$ 150,000	$ 453,760
Capital Assets being depreciated:				
Improvements	7,230	-	-	7,230
Buildings	908,366	-	-	908,366
Equipment	105,006	-	(54,948)	50,058
Vehicles	145,024	-	21,174	166,198
Streets	217,394	-	-	217,394
	1,383,020	-	(33,774)	1,349,246
Less accumulated depreciation:				
Improvements	(7,230)	-	-	(7,230)
Buildings	(316,036)	(17,071)	59,774	(273,333)
Equipment	(23,303)	(961)	(15,294)	(39,558)
Vehicles	(145,024)	(3,377)	9,222	(139,179)
Streets	(84,371)	(3,814)	9,436	(78,749)
Total accumulated depreciation	(575,964)	(25,223)	63,138	(538,049)
Capital assets being depreciated, net	807,056	(25,223)	29,364	811,197
Total Governmental Activities Capital Assets	$ 1,410,816	$ (25,223)	$ 179,364	$ 1,264,957

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the Town as follows:

General Government	$	17,189
Public Works		7,191
Culture and Recreation		843
Total	$	25,223

Here is a summary of changes in Business-type Activity Capital Assets for the year ended December 31, 2016:

BUSINESS-TYPE ACTIVITIES	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital Assets being depreciated:				
Buildings	48,513	-	-	48,513
Water System	3,362,552	-	-	3,362,552
	3,411,065	-	-	3,411,065
Less accumulated depreciation:				
Buildings	(29,626)	(1,855)	-	(31,481)
Water System	(380,634)	(3,328)	-	(383,962)
Total accumulated depreciation	(410,260)	(5,183)	-	(415,443)
Capital assets being depreciated, net	3,000,805	(5,183)	-	2,995,622
Total Business-type Activities Capital Assets	$ 3,000,805	$ (5,183)	$ -	$ 2,995,622

NOTE 7: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2016 were:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Business-type Activities					
General Obligation Bonds, Series 1978	$ 6,000	$ -	$ 2,000	$ 4,000	$ 2,000
Note payable CWCB	7,167	-	2,365	4,802	2,389
	$ 13,167	$ -	$ 4,365	$ 8,802	$ 4,389

Business-type Activities

General Obligation Bonds The Town issued general obligation bonds in the amount of $50,000, bearing interest at 5%, in August 1978. The bonds are to be paid with water operating revenue with annual installments through May 1, 2018. The bonds are backed by the full faith and credit of the Town.

Note Payable - Colorado Water Conservation Board (CWCB) The Town has contracted with CWCB for a loan of $72,210 to be repaid in 40 annual installments of $2,437, including interest commencing September 15, 1979. The loan is secured by a portion of the Town's water system. The proceeds of the loan were used for construction of a new water system.

NOTE 7: LONG-TERM LIABILITIES (Continued)

Business-type Activities (Continued)

A summary of debt payments are as follows:

Year	Principal	Interest	Total
2017	$ 4,389	$ 248	$ 4,637
2018	4,413	124	4,537
	$ 8,802	$ 372	$ 9,174

NOTE 8: RETIREMENT COMMITMENTS

A. Plan Description

The Town contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the Town are members of the CSSDTF, Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

B. Basis of Accounting for the CSSDTF

The financial statements of the CSSDTF are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the employer pays compensation to the member. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The CSSDTF plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

C. Funding Policy

The contribution rate for members is 8%, and for the Town is 13.7% of covered salary. The Town's contributions to the CSSDTF for the year ending December 31, 2016 and 2015 were $20,302 and $16,579, respectively.

NOTE 9: RISK MANAGEMENT- PUBLIC ENTITY RISK POOL

The Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons and property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of the unit. The Town is not exposed to any significant risk of loss.

NOTE 10: CONTINGENCIES

Claims and Judgments The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. It is the opinion of management that such reimbursements, if any, will not have a material effect on the Town's financial position.

NOTE 11: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS

In November of 1992 Colorado voters approved Amendment 1 to the state Constitution which is commonly known as the Taxpayer's Bill of Rights or the Tabor Amendment (TABOR). The Amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to entities that are defined as Enterprise Funds. The governmental funds of the Town qualify as Enterprise Funds.

The Town passed a ballot question on November 7, 1997. The ballot question permitted the Town, to collect, retain and expend, the full revenues from state and federal grants and all other non-tax revenues, and without limiting in any year the amount of other revenues that may be collected and spent by the Town, regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution.

NOTE 11: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS (Continued)

The amendment also requires the Town to establish an Emergency Reserve which must be equal to three (3) percent of the current allowed revenue. Conditions under which these reserves may be spent are severally limited.

The Town believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions are complex and subject to interpretation, and may not become fully understood without judicial determination.

NOTE 12: CHANGE IN ESTIMATE

Management made changes to capital asset useful lives and depreciable items for governmental activities. Also, in reviewing the capital asset records, management determined the addition of land for $150,000 had been recorded twice several years ago. Accordingly, the Governmental Activities of the Statement of Activities includes a Change in estimate and error correction to arrive at the ending net position for year-ended December 31, 2016.

NOTE 13: LEGAL COMPLIANCE

Budget Violations

Actual expenditures exceeded appropriations by $892 in the Conservation Trust Fund, which may be a violation of Colorado Statute.

Required Supplementary Information

TOWN OF RICO, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Property tax	$ 70,817	$ 70,817	$ 71,923	$ 1,106
Delinquent Tax & Interest	320	400	320	(80)
Sales and use tax	52,300	90,100	88,995	(1,105)
Specific ownership tax	3,400	3,000	2,772	(228)
Motor vehicle tax	1,250	700	700	-
Cigerette tax	200	-	-	-
Mineral leasing	50,000	43,000	43,067	67
Severence tax	5,000	1,200	1,199	(1)
Excise tax	500	500	240	(260)
Transfers	125,906	125,906	105,715	(20,191)
Fines and Forfiets	10,000	7,706	7,330	(376)
Interest	400	400	510	110
Licenses and Permits	650	558	507	(51)
Reimbursements	-	725	728	3
Rent	4,500	4,500	4,500	-
Special Projects Revenue	-	23,960	16,793	(7,167)
Miscellaneous	500	625	611	(14)
TOTAL REVENUES	325,743	374,097	345,910	(28,187)
EXPENDITURES				
Town Administrator	63,760	57,497	58,779	(1,282)
Town Clerk	32,749	32,749	32,749	-
Maintenance man	35,504	35,504	35,504	-
Payroll taxes	15,246	15,246	11,834	3,412
Employee benefits	46,576	46,576	42,603	3,973
Employee Consideration	-	-	3,700	(3,700)
Town attorney	18,000	18,000	18,000	-
Town planner	1,000	1,000	-	1,000
Town prosecuter	1,500	1,500	1,500	-
Auditor	2,200	2,125	2,125	-
Accounting Service	-	3,000	2,475	525
Grant Writing 1-717.76	-	1,100	1,718	(618)
Municipal Court Judge	4,500	4,500	4,500	-
Law enforcement	19,000	19,000	18,325	675
Website	1,200	1,942	913	1,029
Advertisement/Agenda & Notice	1,800	2,229	4,002	(1,773)
Fuel	100	575	383	192
Insurance	3,400	3,341	3,341	-
Supplies	9,500	8,994	8,102	892
Electric	1,400	1,688	1,698	(10)
Propane	10,000	10,000	3,618	6,382
Telephone	2,800	3,526	3,569	(43)
Utilities - Other	600	505	529	(24)
Treasurer Fees	2,000	1,880	1,446	434
Dues & Fees	750	935	2,719	(1,784)
Sales & Use Tax	9,800	18,020	-	18,020
Town clean up day	500	660	660	-
Fourth of July	2,000	1,100	900	200
Miscellaneous	1,500	1,500	199	1,301
Parks & Recreation Payroll	26,000	10,000	13,048	(3,048)
Part Time Maintenance	1,500	1,500	2,340	(840)
Water Technician	-	4,800	630	4,170
Town Marshal Vehicle	750	-	705	(705)
Traffic Fine - Surcharge	750	540	360	180
Special Projects/Capital Improvements	55,999	67,795	73,554	(5,759)
TOTAL EXPENDITURES	372,384	379,327	356,528	22,799
EXCESS OF REVENUES OVER EXPENDITURES	(46,641)	(5,230)	(10,618)	(5,388)
Fund Balance, Beginning	909,406	909,406	909,406	-
Fund Balance, Ending	$ 862,765	$ 904,176	$ 898,788	$ (5,388)

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO

BUDGETARY COMPARISON SCHEDULE
STREET FUND

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Property tax	$ 9,709	$ 9,775	$ 9,904	$ 129
Sales and use tax	5,300	9,010	9,910	900
Specific ownership tax	500	384	375	(9)
Franchise tax	4,700	5,386	5,561	175
Excise tax	-	-	240	240
Road and bridge	9,708	10,962	10,962	-
Highway users tax	12,678	14,276	14,354	78
Interest	90	73	73	-
TOTAL REVENUES	42,685	49,866	51,379	1,513
EXPENDITURES				
Payroll	21,543	21,843	21,776	67
Partime employee	1,000	1,000	225	775
Fuel	5,500	5,500	3,929	1,571
Repairs and maintenance	1,500	1,500	3,102	(1,602)
Insurance	2,700	3,160	3,147	13
Supplies	1,800	1,800	2,077	(277)
Electricity	1,000	1,627	1,170	457
Street lights	4,000	4,000	1,635	2,365
Utilities - other	1,600	2,143	2,327	(184)
Treasurer fees	200	257	197	60
Auditor	2,300	2,125	2,125	-
TOTAL EXPENDITURES	43,143	44,955	41,710	3,245
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(458)	4,911	9,669	4,758
Fund Balance, Beginning	136,990	136,990	136,990	-
Fund Balance, Ending	$ 136,532	$ 141,901	$ 146,659	$ 4,758

See the accompanying Independent Auditor's Report.

Other Supplementary Information

TOWN OF RICO, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	CONSERVATION TRUST	PARKS AND OPEN SPACE	TOTALS
ASSETS			
Cash and Equivalents	$ 30,131	$ 79,755	$ 109,886
TOTAL ASSETS	$ 30,131	$ 79,755	$ 109,886
LIABILITIES AND FUND BALANCE			
TOTAL LIABILITIES	$ -	$ -	$ -
FUND BALANCE			
Restricted for Culture and Recreation	30,131	-	30,131
Assigned for Parks and Open Space	-	79,755	79,755
TOTAL FUND BALANCE	30,131	79,755	109,886
TOTAL LIABILITIES AND FUND BALANCE	$ 30,131	$ 79,755	$ 109,886

See the accompanying Independent Auditors' Report.

TOWN OF RICO, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2016

	CONSERVATION TRUST	PARKS AND OPEN SPACE	TOTAL
REVENUES			
Taxes:			
Sales and use tax	$ -	$ 9,910	$ 9,910
Lodging tax	-	911	911
Excise tax	-	240	240
Lottery Proceeds	2,776	-	2,776
Interest	-	27	27
Special Projects	-	37,332	37,332
TOTAL REVENUES	2,776	48,420	51,196
EXPENDITURES			
Parks and Recreation	1,892	20,572	22,464
Administrator	-	11,032	11,032
Supplies	-	5,322	5,322
Insurance	-	2,944	2,944
TOTAL EXPENDITURES	1,892	39,870	41,762
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	884	8,550	9,434
FUND BALANCE, Beginning	29,247	71,205	100,452
FUND BALANCE, Ending	$ 30,131	$ 79,755	$ 109,886

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

TOWN OF RICO, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Lottery proceeds	$ 2,500	$ 2,292	$ 2,776	$ 484
EXPENDITURES				
Parks and Recreation	1,000	1,000	1,892	(892)
EXCESS OF REVENUES OVER EXPENDITURE	1,500	1,292	884	(408)
Fund Balance, Beginning	1,500	1,500	29,247	27,747
Fund Balance, Ending	$ 3,000	$ 2,792	$ 30,131	$ 27,339

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO

BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Sales and use tax	$ 4,900	$ 9,010	$ 9,910	$ 900
Lodging tax	-	1,000	911	(89)
Excise tax	500	360	240	(120)
Rico Center Grant	43,150	37,384	37,332	(52)
Interest	-	30	27	(3)
TOTAL REVENUES	48,550	47,784	48,420	636
EXPENDITURES				
Parks and Recreation Programs	7,150	23,475	20,572	2,903
Administrator	26,000	10,364	11,032	(668)
Supplies	8,100	7,000	5,322	1,678
Insurance	2,800	2,944	2,944	-
TOTAL EXPENDITURES	44,050	43,783	39,870	3,913
EXCESS OF REVENUES OVER EXPENDITURE	4,500	4,001	8,550	4,549
Fund Balance, Beginning	49,540	49,540	71,205	21,665
Fund Balance, Ending	$ 54,040	$ 53,541	$ 79,755	$ 26,214

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION- BUDGET AND ACTUAL ENTERPRISE FUND - WATER

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges to customers	132,225	131,935	141,143	$ 9,208
Tap Fees	1,500	1,500	1,500	-
Electric Reimbursement	2,000	1,482	1,472	(10)
Interest	200	200	671	471
TOTAL REVENUES	135,925	135,117	144,786	9,669
EXPENSES				
Salaries	56,888	56,888	58,498	(1,610)
Employee Benefits - Life	122	122	31	91
Attorney	500	500	220	280
Auditor	2,400	2,125	2,125	-
Repairs and maintenance	500	1,500	1,603	(103)
Engineer Service	-	-	1,860	(1,860)
Insurance	3,600	3,591	3,593	(2)
Supplies	4,000	6,000	6,027	(27)
Water Samples	3,000	3,000	2,784	216
Electric	5,000	5,237	5,140	97
Propane	1,500	1,500	832	668
Dolores Water Conservancy	2,550	2,700	2,700	-
Miscellaneous	500	500	275	225
Debt Service	4,937	4,937	4,737	200
Capital Outlay	4,311	9,311	4,311	5,000
TOTAL EXPENSES	89,808	97,911	94,736	3,175
CHANGE IN NET POSITION, Budget Basis	$ 46,117	$ 37,206	50,050	$ 12,844
ADJUSTMENTS TO GAAP BASIS:				
Add:				
Principal payments of debt			4,365	
Less:				
Depreciation			(5,183)	
CHANGE IN NET POSITION, GAAP Basis			$ 49,232	

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL ENTERPRISE FUND - SEWER

Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Property taxes	$ 21,425	$ 21,550	$ 21,856	$ 306
Specific ownership tax	1,000	847	827	(20)
Interest	100	91	91	-
TOTAL REVENUES	22,525	22,488	22,774	286
EXPENSES				
Payroll	15,475	15,475	14,186	1,289
Town Auditor	2,400	2,125	2,125	-
Insurance	2,700	2,943	2,943	-
Treasurers Fees	500	378	435	(57)
Miscellaneous	-	20	20	-
TOTAL EXPENSES	21,075	20,941	19,709	1,232
NET INCOME	$ 1,450	$ 1,547	$ 3,065	$ 1,518

See the accompanying Independent Auditor's Report.

Supplemental Data for Oversight Agencies

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Rico, Delores County YEAR ENDING : December 2016
This Information From The Records Of - Town of Rico, CO	Prepared By:Kari Lee Distefano Phone: 970-967-2863

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	20,145
4. Miscellaneous local receipts (from page 2)	73
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	0
b. Bonds - Refunding Issues	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	20,218
B. Private Contributions	0
C. Receipts from State government (from page 2)	31,540
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	51,758

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,081
2. Maintenance:	13,649
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	5,056
c. Other	3,033
d. Total (a. through c.)	8,089
4. General administration & miscellaneous	28,814
5. Highway law enforcement and safety	0
6. Total (1 through 5)	51,633
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	51,633

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
136,990	51,794	51,633	137,152	0

Notes and Comments: