Town of Ridgway

Financial Statements
and
Report of Independent Auditor

December 31, 2016

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Blair
and
Associates P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Ridgway, 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 Town of Ridgway, 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 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 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 Ridgway, 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.

Collice P. Blair, Jr., CPA, CFE

105 S.E. Frontier, Suite A • Cedaredge, Colorado 81413
Phone 970/856-7550 • Fax 970/856-2122
peteblaircpa@yahoo.com
www.BandACPAS.com

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Fraud Examiners
Governmental Audit Quality Center

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 37-41 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 Ridgway, Colorado's basic financial statements. The Schedules of Revenues, Expenditures and Changes in Fund Balance and Available Resources-Budget and Actual- Capital Projects Fund and Enterprise Funds and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues, Expenditures and Changes in Fund Balance and Available Resources-Budget and Actual- Capital Projects Fund and Enterprise Funds and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues, Expenditures and Changes in Available Resources-Budget and Actual-Enterprise Funds and local highway finance report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
September 26, 2017

TOWN OF RIDGWAY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2016

As management of the Town of Ridgway (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by $ 10,930,970 (i.e. net position) as of December 31, 2016, an increase of $ 696,154 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of $ 2,632,085, decrease of $ 995,417 in comparison with the prior year.
- The Town's fund balance for the General Fund was $1,654,222, decrease of $ 1,025,878 in comparison to the prior year.
- Total long-term liabilities increased by $ 166,968 during the 2016 fiscal year with one new debt issued.
- General property tax, sales tax, and other tax totaled $ 1,439,494 or 91% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

The statement of net position presents information on all the Town's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities).

The Governmental Activities of the Town include general government administration, police, public works, and community center. The Business-type Activities of the Town include the following utilities: water and sewer funds.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-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 short-term financing requirements. The accounting method is called modified accrual accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the 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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two major government funds, the General Fund and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Proprietary Funds – The Town maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a separate enterprise fund to account for each of its utility funds: Water and Sewer Fund.

Fiduciary Funds – The Town maintains one type of fiduciary fund, the Ridgway General Improvement District #1.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2016, the Town's combined assets exceeded liabilities by $ 10,930,970. Of this amount, $ 1,916,112 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of $ 8,101,195 (74% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net assets for 2016:

	Governmental Activities		Business Type Activities		Totals	
Assets	2015	2016	2015	2016	2015	2016
Current and other assets	$ 3,092,476	$ 2,632,085	$ 1,058,797	$ 1,180,515	$ 4,151,273	$ 3,812,600
Captial assets	4,287,376	5,787,334	4,840,439	4,746,888	9,127,815	10,534,222
Total assets	$ 7,379,852	$ 8,419,419	$ 5,899,236	$ 5,927,403	$ 13,279,088	$ 14,346,822
Current liabilities	$ 107,401	$ 652,745	$ 101,486	$ 107,373	$ 208,887	$ 760,118
Non-current liabilities						
Compensated absences	90,337	101,336	-	-	90,337	101,336
Bond and loans payables	1,286,485	1,188,536	1,162,613	1,074,659	2,449,098	2,263,195
Total liabilities	1,484,223	1,942,617	1,264,099	1,182,032	2,748,322	3,124,649
Deferred inflow of resources						
Deferred property taxes	295,950	291,203	-	-	272,000	270,300
Net assets						
Investment in capital assets, net of related debt	2,908,513	4,500,849	3,608,308	3,600,346	6,516,821	8,101,195
Restricted	1,463,984	913,663	-	-	1,463,984	913,663
Unrestricted	1,227,182	771,087	1,026,829	1,145,025	2,254,011	1,916,112
Total net assets	$ 5,599,679	$ 6,185,599	$ 4,635,137	$ 4,745,371	$ 10,234,816	$ 10,930,970

An additional portion of net position, $ 913,663, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $ 1,916,112 (18% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

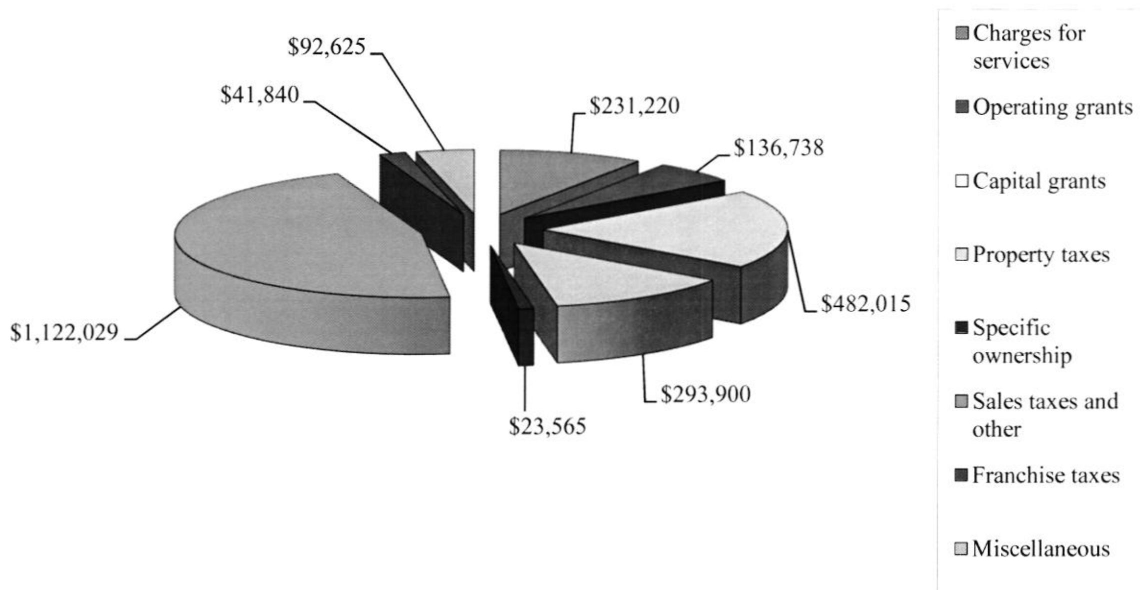
Governmental and business-type activities increased the Town's net position by $ 696,154 in 2016.

	Governemental Activities		Business Type Activities		Total	
Revenues	2015	2016	2015	2016	2015	2016
Program revenues						
Charges for services	$ 204,230	$ 231,220	$ 676,041	$ 716,139	$ 880,271	$ 947,359
Operating grants	102,603	136,738	-	-	102,603	136,738
Capital grants	383,001	482,015	22,000	96,084	405,001	578,099
General revenues						
Property taxes	292,903	293,900	-	-	292,903	293,900
Specific ownership	25,794	23,565	-	-	25,794	23,565
Sales taxes and other	980,197	1,122,029	-	-	980,197	1,122,029
Franchise taxes	42,768	41,840	-	-	42,768	41,840
Transfers	207,650	-	(207,650)	-	-	-
Miscellaneous	125,045	84,283	-	-	125,045	84,283
Interest income	3,896	8,342	1,462	5,977	5,358	14,319
Totals	2,368,087	2,423,932	491,853	818,200	2,859,940	3,242,132
Expenses						
General government	565,898	701,470	-	-	565,898	701,470
Public safety	281,653	291,382	-	-	281,653	291,382
Public works	402,979	492,468	675,531	707,966	1,078,510	1,200,434
Culture and recreation	315,041	352,692	-	-	315,041	352,692
Total expenses	1,565,571	1,838,012	675,531	707,966	2,241,102	2,545,978
Increase in net position	802,516	585,920	(183,678)	110,234	618,838	696,154
Beginning	7,055,888	5,599,679	2,560,090	4,635,137	9,615,978	10,234,816
Residual transfer	(2,258,725)	-	2,258,725	-	-	-
Ending	$ 5,599,679	$ 6,185,599	$ 4,635,137	$ 4,745,371	$ 10,234,816	$ 10,930,970

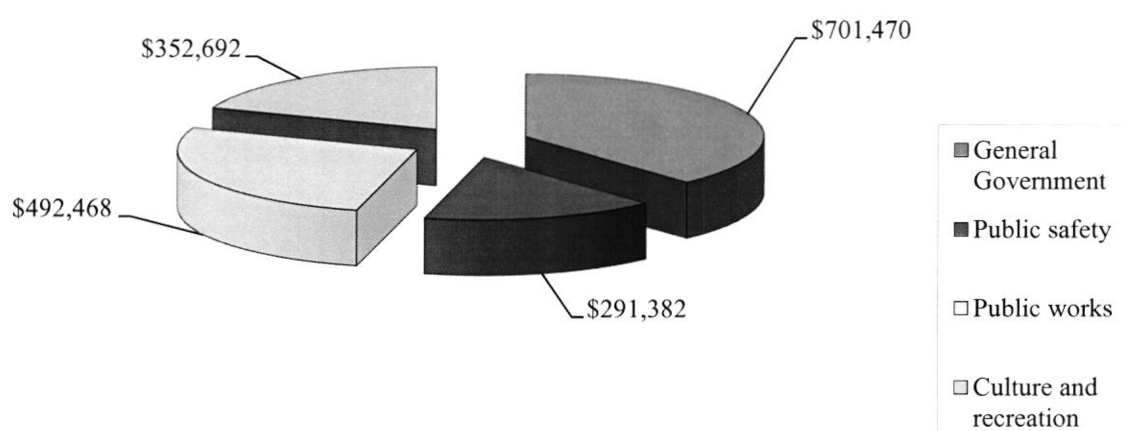
Governmental Activities

Governmental activities increased the Town's net position by $ 585,920.

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year had an increase in net position of $ 110,234. Charges for services accounted for 88% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds

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

As of the end of 2016, the Town's governmental funds reported combined ending fund balances of $ 2,632,085, decrease of $ 995,417 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 45% of this total amount, $ 740,559, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve, $63,783 and reserve for capital improvements of $ 849,880.

The Town has one major governmental fund, the General Fund, which is the primary operating fund for the Town. At the end of 2016, unassigned fund balance of the General Fund was $ 740,559, while the total fund balance was $ 1,654,222. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance in the Town's General Fund decreased by $ 1,025,878 during 2016.

Proprietary funds

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

The Town has two enterprise funds: Water Fund and Sewer Fund. At the end of 2016, these funds represented the following net position amounts:

	Water	Sewer
Unrestricted net position	$ 445,369	$ 699,656
Total net position	$ 3,018,313	$ 1,727,058
Increase (decrease) in net position	$ 78,576	$ 31,658

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted $ 3,565,490 for 2016 expenditures. Actual expenditures were $ 2,967,795. There was no amendment to the original budget for General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2016, was $ 8,101,195. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

Governmental Activities	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Capital assets not being depreciated				
Land	$ 1,662,500	$ -	$ -	$ 1,662,500
Construction in progress	717,247	1,601,932	-	2,319,179
	2,379,747	1,601,932	-	3,981,679
Capital assets being depreciated				
Buildings	379,468	-	-	379,468
Vehicles and equipment	400,953	-	-	400,953
Equipment-culture and recreation	120,061	-	-	120,061
Infrastructure	2,107,509	-	-	2,107,509
Less accumulated depreciation	(1,100,362)	(101,974)	-	(1,202,336)
Capital assets being depreciated, net	1,907,629	(101,974)	-	1,805,655
Total Governmental Activities Capital Assets	$ 4,287,376	$ 1,499,958	$ -	$ 5,787,334

Business - Type Activities	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Capital assets not being depreciated				
Land	$ 2,036,258	$ -	$ -	$ 2,036,258
	2,036,258	-	-	2,036,258
Capital assets being depreciated				
Buildings	20,668	-	-	20,668
Improvements other than buildings	4,567,197	-	-	4,567,197
Vehicles and equipment	338,062	17,000	-	355,062
Less accumulated depreciation	(2,121,745)	(110,552)	-	(2,232,297)
Capital assets being depreciated, net	2,804,182	(93,552)	-	2,710,630
Total Business-Type Activities Capital Assets	$ 4,840,440	$ (93,552)	$ -	$ 4,746,888

Long-term Debt

As of December 31, 2016, the Town had long-term debt as follows:

Governmental Activities	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Accrued compensated absences	$ 90,337	$ 10,999	$ -	$ 101,336	$ 101,336
G.O Bonds Series 2014	1,325,000	-	(75,000)	1,250,000	80,000
Loan payable	53,863	-	(17,378)	36,485	17,949
Total	$ 1,469,200	$ 10,999	$ (92,378)	$ 1,387,821	$ 199,285

Enterprise Activities					
Bank loan	$ 66,000	$ -	$ (28,071)	$ 37,929	$ 13,000
CWCB loan	606,000	-	(12,738)	593,262	13,120
CWCB loan	34,670	-	(6,531)	28,139	6,726
Loan payable	199,211	-	(15,749)	183,462	16,537
CWRPDA loan	326,250	-	(22,500)	303,750	22,500
Total	$ 1,232,131	$ -	$ (85,589)	$ 1,146,542	$ 71,883

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town is in good financial condition.
- The Town's General fund has a fund balance that will cover three months of normal expenditures.
- In 2006 the voters approved a sales tax increase of .06%, which is designated for capital improvements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Town Clerk
Town of Ridgway
Ridgway, Co

Town of Ridgway
Statement of Net Position
December 31, 2016

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 500,864	$ 482,835	$ 983,699
Investments	799,708	643,628	1,443,336
Restricted investments	849,880	-	849,880
Taxes receivable	114,755	-	114,755
Property taxes receivable	291,203	-	291,203
Accounts receivable	17,194	54,052	71,246
Grants and loans receivable	58,481	-	58,481
Capital assets			
Nondepreciable	3,981,679	2,036,258	6,017,937
Depreciable, net of accumulated depreciation	1,805,655	2,710,630	4,516,285
Total assets	8,419,419	5,927,403	14,346,822
LIABILITIES			
Accounts payable	547,974	3,959	551,933
Accrued payroll costs	6,822	-	6,822
Accrued compensated absences	101,336	-	101,336
Accrued interest payable	-	1,531	1,531
Deferred revenue	-	30,000	30,000
Non current liabilities			
Due within one year	97,949	71,883	169,832
Due in more than one year	1,188,536	1,074,659	2,263,195
Total liabilities	1,942,617	1,182,032	3,124,649
Deferred inflows of resources			
Deferred property taxes	291,203	-	291,203
NET POSITION			
Invested in capital assets, net of related debt	4,500,849	3,600,346	8,101,195
Restricted for:			
Emergencies	63,783	-	63,783
Ramp Project	849,880	-	849,880
Unrestricted	771,087	1,145,025	1,916,112
Total net position	$ 6,185,599	$ 4,745,371	$ 10,930,970

The accompanying notes are an integral part of this statement.

Town of Ridgway
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 701,470	$ 37,829	$ 50,106	$ -
Public Safety	291,382	13,702	-	-
Public Works	492,468	179,689	76,096	-
Culture and Recreation	352,692	-	10,536	482,015
Total governmental activities	1,838,012	231,220	136,738	482,015
Business-type activities:				
Water	391,887	419,537	-	49,128
Sewer	316,079	296,602	-	46,956
Total business- type activities	707,966	716,139	-	96,084
Total primary government	$ 2,545,978	$ 947,359	$ 136,738	$ 578,099

General Revenues
Taxes:
Property taxes
Specific ownership
Sales taxes and miscellaneous
Lodging tax
Franchise taxes
Excise Development Tax
Miscellaneous
Investment earnings
Total General Revenues

Changes in Net Position
Net Position-January 1
Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (613,535)	$ -	$ (613,535)
(277,680)	-	(277,680)
(236,683)	-	(236,683)
139,859	-	139,859
(988,039)	-	(988,039)
-	76,778	76,778
-	27,479	27,479
-	104,257	104,257
(988,039)	104,257	(883,782)
293,900	-	293,900
23,565	-	23,565
1,050,226	-	1,050,226
70,303	-	70,303
41,840	-	41,840
1,500	-	1,500
84,283	-	84,283
8,342	5,977	14,319
1,573,959	5,977	1,579,936
585,920	110,234	696,154
5,599,679	4,635,137	10,234,816
$ 6,185,599	$ 4,745,371	$ 10,930,970

The accompanying notes are an integral part of this statement.

Town of Ridgway
Governmental Funds
Balance Sheet
December 31, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ (112,931)	$ 613,795	$ 500,864
Investments	799,708	-	799,708
Restricted investments	849,880	-	849,880
Taxes receivable	114,755	-	114,755
Property taxes receivable	291,203		291,203
Grants receivable	-	58,481	58,481
Accounts receivable	17,194	-	17,194
Total assets	$ 1,959,809	$ 672,276	$ 2,632,085
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	$ 7,562	$ 540,412	$ 547,974
Accrued payroll costs	6,822	-	6,822
Total liabilities	14,384	540,412	554,796
Deferred inflows of resources			
Deferred property taxes	291,203	-	291,203
Fund balances:			
Reserve for emergencies	63,783	-	63,783
Reserve for capital improvements	849,880	131,864	981,744
Unreserved	740,559	-	740,559
Total fund balance	1,654,222	131,864	1,786,086
Total liabilities, deferred inflows of resources and fund balance	$ 1,959,809	$ 672,276	$ 2,632,085

The accompanying notes are an integral part of this statement.

Town of Ridgway
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance, Governmental Funds		$ 1,786,086
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	$ 6,988,670	
Less accumulated depreciation	(1,201,336)	5,787,334
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases	$ (36,485)	
Bond payables	(1,250,000)	
Compensated absences	(101,336)	(1,387,821)
Net Position - Governmental Activities		$ 6,185,599

The accompanying notes are an integral part of this statement.

Town of Ridgway
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2016

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Taxes	$ 1,472,422	$ -	$ 1,472,422
Fees and fines	13,702	-	13,702
Licenses and permits	92,130	-	92,130
Intergovernmental	145,650	482,015	627,665
Charges for services	122,298	-	122,298
Miscellaneous	95,715	-	95,715
Total revenues	1,941,917	482,015	2,423,932
Expenditures			
Current:			
General government	653,470	-	653,470
Public safety	287,418	-	287,418
Public works	428,400	-	428,400
Culture and recreation	281,786	-	281,786
Debt service payments	116,343	-	116,343
Capital outlay	-	1,651,932	1,651,932
Total expenditures	1,767,417	1,651,932	3,419,349
Excess of revenues over expenditures	174,500	(1,169,917)	(995,417)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(1,200,378)	1,200,378	-
Total other financing (uses)	(1,200,378)	1,200,378	-
Net change to fund balance	(1,025,878)	30,461	(995,417)
Fund balance, January 1	2,680,100	101,403	2,781,503
Fund balance, December 31	$ 1,654,222	$ 131,864	$ 1,786,086

The accompanying notes are an integral part of this statement.

Town of Ridgway
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds		$ (995,417)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as deprecation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 1,601,932	
Depreciation expense	(101,974)	
Excess of capital outlay over depreciation		1,499,958
Repayment of long-term debt principal is reported as an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.		
Loans and notes payable		92,378
Compensated absences		(10,999)
Change in Net Position of Governmental Funds		$ 585,920

The accompanying notes are an integral part of this statement.

Town of Ridgway
Statement of Net Position
Enterprise Funds
December 31, 2016

	Enterprise Funds		
Assets	**Water**	**Sewer**	**Total Enterprise Funds**
Current assets:			
Equity in pooled cash and investments	$ 448,454	$ 678,009	$ 1,126,463
Receivables-net	29,961	24,091	54,052
Total current assets	478,415	702,100	1,180,515
Utility plant in service			
Land and reservoirs	2,036,258	-	2,036,258
Buildings	15,275	5,393	20,668
Improvements other than buildings	2,680,001	1,887,196	4,567,197
Vehicles and equipment	213,428	141,633	355,061
Less: Accumulated depreciation	(1,366,532)	(865,764)	(2,232,296)
Utility plant in service-net	3,578,430	1,168,458	4,746,888
Total assets	$ 4,056,845	$ 1,870,558	$ 5,927,403
Liabilities and fund equity			
Current liabilities			
Accounts payable	$ 1,515	$ 2,444	$ 3,959
Deferred revenue	30,000	-	30,000
Accrued interest payable	1,531	-	1,531
Current portion of long-term debt	63,021	8,862	71,883
Total current liabilities	96,067	11,306	107,373
Long-term debt-net	942,465	132,194	1,074,659
Net Position			
Invested in capital assets, net of related debt	2,572,944	1,027,402	3,600,346
Unrestricted	445,369	699,656	1,145,025
Total net position	$ 3,018,313	$ 1,727,058	$ 4,745,371

The accompanying notes are an integral part of this statement.

Town of Ridgway
All Enterprise Funds
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2016

	Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Operating revenues			
Charges for services	$ 395,886	$ 290,328	$ 686,214
Other	23,651	6,274	29,925
Total operating revenues	419,537	296,602	716,139
Operating expenses			
Salaries and fringe benefits	172,814	144,761	317,575
Maintenance and repairs	42,764	18,642	61,406
Material and Supplies	13,189	5,788	18,977
Utilities and telephone	14,725	43,879	58,604
Professional fees	9,337	6,202	15,539
Depreciation	69,434	41,118	110,552
Miscellaneous	34,897	38,349	73,246
Consulting and engineering	3,853	3,703	7,556
Insurance	6,250	6,162	12,412
Total operating expenses	367,263	308,604	675,867
Operating income or (loss)	52,274	(12,002)	40,272
Non operating revenues (expenses)			
Transfers	-	-	-
Investment income	1,798	4,179	5,977
Interest expense	(24,624)	(7,475)	(32,099)
Total non operating revenues (expenses)	(22,826)	(3,296)	(26,122)
Income (loss) before transfers and capital contributions	29,448	(15,298)	14,150
Capital contributions-Tap fees	49,128	46,956	96,084
Change in net position	78,576	31,658	110,234
Total net position, January 1	2,939,737	1,695,400	4,635,137
Total net position, December 31	$3,018,313	$1,727,058	$ 4,745,371

The accompanying notes are an integral part of this statement.

Town of Ridgway
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2016

	Water Fund	Sewer Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Cash received from charges for services	$ 419,646	$ 296,730	$ 716,376
Cash payments for goods and services	(123,770)	(120,449)	(244,219)
Cash payments to employees for services	(172,814)	(144,761)	(317,575)
Net cash provided (used) by operating activities	123,062	31,520	154,582
Cash Flows from Capital and Related Financing Activities			
Tap fees	49,128	46,956	96,084
Acquisition of capital assets	(8,500)	(8,500)	(17,000)
Principal paid on loans and leases	(77,149)	(8,440)	(85,589)
Interest expense	(24,624)	(7,475)	(32,099)
Net cash provided (used) by capital and related financing activities	(61,145)	22,541	(38,604)
Cash Flows from Investing Activities			
Interest on investments	1,798	4,179	5,977
Net increase (decrease) in cash and equivalents	63,715	58,240	121,955
Cash balances, January 1	384,739	619,769	1,004,508
Cash balances, December 31	$ 448,454	$ 678,009	$1,126,463
Reconciling of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 52,274	$ (12,002)	$ 40,272
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	69,434	41,118	110,552
Assets (increase) decrease:			
Accounts receivables	109	128	237
Liabilities increase (decrease):			
Accounts payable	1,245	2,276	3,521
Due to other funds	-	-	-
Total adjustments	70,788	43,522	114,310
Net cash provided (used) by operating activities	$ 123,062	$ 31,520	$ 154,582

The accompanying notes are an integral part of this statement.

Town of Ridgway
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

		Trust and Agency Fund
Assets		
Cash and cash equivalents	$	37,700
Net Position		
Held in trust for benefits and other purposes	$	37,700

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Ridgway, 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. Financial Reporting Entity

The Town is a home rule municipality with a mayor – council form of government with seven elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Ridgway (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town and its component unit. For the most part, the effect of inter-fund 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

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 Water and Sewer funds are charges to customers for sales and services. They also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 the following major governmental funds:

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

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

Water and Sewer funds -accounts for all operations of the Town's water and sewer services. They are primarily financed by user charges.

Fiduciary Funds

Fiduciary fund -accounts for assets held by the Town in a trustee or agency capacity. Agency fund (**Ridgway General Improvement District No. 1**) is custodial in nature and do not involve measurement of results of operations.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 and "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 principal and interest on general long-term debt which is recognized when due, and 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. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Property Taxes

Property taxes for the current year are levied and attach 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 inflows of resources in the governmental and enterprise funds.

Note 1 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include property, equipment and infrastructure 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 $ 5,000.

All purchased assets are valued at cost where historical records are available and at an estimated historical costs 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
Building and Other Improvements	15-40 years
Utility Plant and System	40-50 years
Equipment and vehicles	3-10 years
Infrastructure	15-50 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 as 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. Prior to GASB 34 governments were not required to report general infrastructure assets.

I. 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. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

J. Compensated Absences

Vacation time accumulates at the rate of 40 hours at the end of their first year of service, 80 hours per year in years of service from two (2) through four (4), 120 hours per year in years of service from five (5) through fourteen (14) and the maximum accrual is 160 vacation hours for service after the fifteenth (15) year and after. Upon termination of employment, the employee shall be paid for each hour of earned and unused annual vacation leave at his or her regular rate of pay.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

L. 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 are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

M. Encumbrances

The Town does not use an encumbrance system for budgetary control.

N. Accounts Receivable

The Town considers accounts receivable for water and sewer to be fully collectible because the Town can place liens on the individual properties; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

O. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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;

Note 1 - Summary of Significant Accounting Policies (continued)

O. Fund Equity (continued)

- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - 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 - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The enterprise fund statement of net position and statement of revenues, expenses and changes in net position also includes reconciliation to the government-wide statement of net position and 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 governmental fund statements during the consolidation of governmental activities.

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding "enterprises."

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment.

Note 4 - Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

A. By September of each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The Town Clerk then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.

B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.

C. A public hearing on the proposed budget is held by the Council in early December.

D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

E. If during the fiscal year the Town Clerk determines that there are expenses in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the Town Clerk that the revenues available will be insufficient to meet the amount appropriated, the Town Clerk reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the Town Clerk may transfer part or all of any unencumbered appropriation balance within a department.

F. Budget appropriations lapse at the end of each year.

G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget.

H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Note 5 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2016, the bank balance of the Town's deposits was $ 1,160,483 of which $ 500,000 was covered by federal depository insurance and $ 660,483 was collateralized under PDPA.

The composition of all cash and cash investments held by the Town at December 31, 2016 is as follows

Cash on hand	$ 60
Cash in bank	1,133,855
CSAFE	1,614,928
ColoTrust	528,072
Total cash and investments	$ 3,276,915
Ridgway General Improvement District # 1	$ 37,770

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written pools; written repurchase agreement collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts.

The Town had invested $ 2,143,000 in the Colorado Surplus Asset Fund Trust (CSAFE), and ColoTrust, which are investment vehicles established for local governmental entities in Colorado to pool surplus funds. CSAFE and ColoTrust operate similarly to a money market fund and each share is equal value to $1.00. Investments of CSAFE and ColoTrust consist of U.S. Treasury and Agency securities. These pools are not required to and are not registered with the SEC. COLOTRUST's and CSAFE funds are rated AAAm by Standard and Poor's, Fitch's and Moody's rating services.

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statue of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Note 6 - Long-Term Liabilities

General obligation bonds, revenue bonds, notes payable of the Town are as follows:

General obligation Water Refunding Bonds Series 2009 Private Placement with the Montrose Bank: The Town refinanced their G.O. bonds with Capmark Finance, Inc. with the Montrose Bank. Total refinanced amount was $ 119,000, due in annual installments of $ 9,000 in 2010; increasing to $14,000 in 2018, with a final payment of $ 14,000 in 2019, plus interest @ 4.75% per annum, payable from the Water Fund.	$ 37,929

Revenue bonds and contracts include:

$ 175,000 contract payable to Colorado Water Conservation Board in annual installments of $ 7,571 including interest at 3% per annum, payable from the water fund.	$ 28,139
EIA loan in 2006 payable to the Department of Local Affairs. Total original amount of $100,000 due in annual installments of $ 9,794.80 starting on September 1, 2007, with an annual interest rate of 5%	$ 42,406
EIA loan in 2008 payable to the Department of Local Affairs. Total original amount of $200,000 due in annual installments of $ 15,914.78 starting on September 1, 2009, with an annual interest rate of 5%.	$ 141,056
Caterpillar Financial Services Corporation loan for the purchase of Backhoe Loader. Total original amount of $86,980 due in quarterly payments of $4,729.07 starting in 2014, with an annual interest rate of 3.25%.	$ 36,485
General Obligation Note Series 2014 with Branch Banking and Trust Company. Total amount was $ 1,400,000, due in semi-annual installments, with an interest rate of 3.09% per annum, payable from the General Fund.	$1,250,000

Note 6 - Long-Term Liabilities (continued)

Loan payable to Colorado Water Resources and Power Development Authority. Total original amount of \$ 450,000 in semi-yearly amounts of \$ 11,250, starting on November 1, 2010 with an annual interest rate of 0%	\$ 303,750
Loan payable to Colorado Water Conservation Board. Total original amount of \$ 606,000 annual amount of \$ 30,917.67, starting on January 1, 2016 with an annual interest rate of 3%	\$ 593,262
Total long term debt	\$2,433,027

Debt service requirements to maturity are as follows:

General obligation water bonds

	Principal	Interest	Total
2017	\$ 13,000	\$ 1,948	\$ 14,948
2018	14,000	1,330	15,330
2019	10,929	664	11,593
	\$ 37,929	\$ 3,942	\$ 41,871

Colorado water conservancy board-contracts payable

	Principal	Interest	Total
2017	\$ 6,726	\$ 845	\$ 7,571
2018	6,928	643	7,571
2019	7,136	435	7,571
2020	7,349	221	7,570
	\$ 28,139	\$ 2,144	\$ 30,283

Significant bond covenants:

1974 Sewer Revenue Bond - Town must maintain a reserve account for payment of principal and interest when other revenues are insufficient of \$6,900.

EIA 2006 Loan

	Principal	Interest	Total
2017	\$ 7,675	\$ 2,120	\$ 9,795
2018	8,058	1,737	9,795
2019	8,461	1,334	9,795
2020	8,884	911	9,795
2021	9,328	467	9,795
	\$ 42,406	\$ 6,569	\$ 48,975

Note 6- Long-Term Liabilities (continued)

EIA 2008 Loan

	Principal	Interest	Total
2017	$ 8,862	$ 7,053	$ 15,915
2018	9,305	6,610	15,915
2019	9,770	6,144	15,914
2020	10,259	5,656	15,915
2021	10,772	5,143	15,915
2022 to 2026	62,947	17,077	80,024
2027 to 2028	29,591	2,237	31,828
	$ 141,506	$ 49,920	$ 191,426

Caterpillar Loan

	Principal	Interest	Total
2017	$ 17,949	$ 967	$ 18,916
2018	18,536	377	18,913
	$ 36,485	$ 1,344	$ 37,829

CWRPDA Loan Water Lines

	Principal
2017	$ 22,500
2018	22,500
2018	22,500
2020	22,500
2021	22,500
2022 to 2026	112,500
2027 to 2030	78,750
Total	$ 303,750

Note 6- Long-Term Liabilities (continued)

General Obligation Notes, Series 2014

	Principal	Interest	Total
2017	$ 80,000	$ 38,625	$ 118,625
2018	80,000	36,153	116,153
2019	85,000	33,681	118,681
2020	85,000	31,055	116,055
2021	90,000	28,428	118,428
2022 to 2026	495,000	98,417	593,417
2027 to 2029	335,000	20,858	355,858
	$ 1,250,000	$ 287,217	$ 1,537,217

Colorado Water Conservation Board

	Principal	Interest	Total
2017	$ 13,120	$ 17,798	$ 30,918
2018	13,513	17,404	30,917
2019	13,919	16,999	30,918
2020	14,336	16,581	30,917
2021	14,766	16,151	30,917
2022 to 2026	80,749	73,839	154,588
2027 to 2031	93,610	60,978	154,588
2032 to 2036	108,520	46,068	154,588
2037 to 2041	125,804	28,784	154,588
2042 to 2045	114,923	8,747	123,670
	$ 593,260	$ 303,349	$ 896,609

Note 7 - Risk Management

The Town is a member of 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 24-10-1155, 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 coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

Note 7 - Risk Management (continued)

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 indemnify, in accordance with the bylaws, and member of CIRSA against liability or 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 coverage at reasonable costs. All income and assets of CIRSA shall at all time be dedicated to the exclusive benefit of its members. All Colorado municipalities who are member of the Colorado Municipal League and own property are eligible to participate.

The general objectives of the Agency are to provide member municipalities defined liability and property coverage through joint self-insurance and too assists members in loss prevention measures. Any member may withdraw from the Agency by giving written notice to the Board of Directors of the prospective effective date of its withdrawal.

The Town recognizes an expense for coverage for the amount paid to CIRSA annually. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December of each year.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Claims have not exceeded coverage in any of the last three fiscal years.

Note 8 - Retirement Plans

Defined Contribution Plan

The Town has a defined contribution plan for its employees which is administered by Colorado County Officials and Employees Retirement Association (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate six months from the date of employment. Both the employees and the Town make a basic contribution of 4% of the employee's salary. Employees may make additional voluntary contributions not to exceed 10% of compensations. Participants vest in employer contributions and in earnings, losses and changes in fair market value of Plan assets at a rate of 20% per year. Any nonvested Town contributions forfeited by an employee who leaves the Town's employment are remitted to the Town.

The Town's total payroll in 2016 was $ 922,098. The total payroll covered by the plan was $ 746,300. Contributions consisted of the Town's contribution of $29,852 and the employee's contributions of $29,852.

Note 9 - Capital Assets

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

Governmental Activities	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Capital assets not being depreciated				
Land	$ 1,662,500	$ -	$ -	$ 1,662,500
Construction in progress	717,247	1,601,932	-	2,319,179
Total	2,379,747	1,601,932	-	3,981,679
Capital assets being depreciated				
Buildings	379,468	-	-	379,468
Vehicles and equipment	400,953	-	-	400,953
Equipment - culture and recreation	120,061	-	-	120,061
Infrastructure	2,107,509	-	-	2,107,509
Less accumulated depreciation	(1,100,362)	(101,974)	-	(1,202,336)
Capital assets being depreciated, net	1,907,629	(101,974)	-	1,805,655
Total Governmental Activities capital assets	$ 4,287,376	$ 1,499,958	$ -	$ 5,787,334

Business-type Activities	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Capital assets not being depreciated				
Land	$ 2,036,258	$ -	$ -	$ 2,036,258
	2,036,258	-	-	2,036,258
Capital assets being depreciated				
Buildings	20,668	-	-	20,668
Improvements other than buildings	4,567,197	-	-	4,567,197
Vehicles and equipment	338,062	17,000	-	355,062
Less accumulated depreciation	(2,121,745)	(110,552)	-	(2,232,297)
Capital assets being depreciated, net	2,804,182	(93,552)	-	2,710,630
Total Business-Type Activities Capital Assets	$ 4,840,440	$ (93,552)	-	$ 4,746,888

Note 9 - Capital Assets (continued)

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

General government	$ 13,036	Water	$ 69,434
Public safety	3,964	Sewer	41,118
Culture and recreation	20,906		$ 110,552
Public works, including depreciation of general infrastructure assets	64,068		
Total depreciation expenses	$ 101,974		

Note 10 - Long-Term Liabilities

Governmental Activities	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Accrued compensated absences	$ 90,337	$ 10,999	$ -	$ 101,336	$ 101,336
G.O Bonds Series 2014	1,325,000	-	(75,000)	1,250,000	80,000
Loan payable	53,863	-	(17,378)	36,485	17,949
Total	$ 1,469,200	$ 10,999	$ (92,378)	$ 1,387,821	$ 199,285
Enterprise Activities					
Bank loan	$ 66,000	$ -	$ (28,071)	$ 37,929	$ 13,000
CWCB loan	606,000	-	(12,738)	593,262	13,120
CWCB loan	34,670	-	(6,531)	28,139	6,726
Loan payable	199,211	-	(15,749)	183,462	16,537
CWRPDA loan	326,250	-	(22,500)	303,750	22,500
Total	$ 1,232,131	$ -	$ (85,589)	$ 1,146,542	$ 71,883

Note 11 – Commitments

The Town has a commitment with Colorado Department of Transportation and Department of Local Affairs on the construction of the ramp project. The Town has borrowed $1,500,000 for the project with a matching grant from Department of Local Affairs for $500,000. The total cost of the project is estimated to be $10,644,589 with Colorado Department of Transportation paying $8,644,589.

Required Supplementary Information

Town of Ridgway
General Fund
Schedule of Revenues-Budget and Actual
December 31, 2016

Revenues	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes:				
General property taxes	$ 235,894	$ 235,894	$ 235,067	$ (827)
Property taxes-debt service	60,056	60,056	58,833	(1,223)
Specific Ownership taxes	24,000	24,000	23,565	(435)
General sales taxes	874,000	874,000	1,039,092	165,092
Franchise taxes	39,500	39,500	41,840	2,340
Lodging tax	50,000	50,000	70,303	20,303
Interest on delinquent taxes	500	500	1,085	585
Delinquent taxes	100	100	-	(100)
Sales tax-penalty and interest	2,000	2,000	1,137	(863)
Excise Development Tax	3,000	3,000	1,500	(1,500)
Total taxes	1,289,050	1,289,050	1,472,422	183,372
Licenses and permits:				
Liquor licenses	3,500	3,500	5,626	2,126
Other	13,280	13,280	18,373	5,093
Sales tax and license	6,500	6,500	10,740	4,240
Building permit fees	30,000	30,000	57,391	27,391
Total licenses and permits	53,280	53,280	92,130	38,850
Intergovernmental revenues				
Grants	66,300	66,300	50,106	(16,194)
State shared revenue:				
Lottery funds	10,000	10,000	10,536	536
Cigarette taxes	2,550	2,550	2,335	(215)
Motor vehicle registration fees	5,400	5,400	6,717	1,317
Mineral leasing and other	25,000	25,000	6,577	(18,423)
Road and bridge apportionment	20,444	20,444	20,444	-
Highway user's taxes	45,483	45,483	48,935	3,452
Total intergovernmental revenues	175,177	175,177	145,650	(29,527)
Fines and forfeits	18,000	18,000	13,702	(4,298)
Miscellaneous revenues:				
Interest	350	350	8,342	7,992
Consulting services	250	250	1,058	808
P & Z applications	1,500	1,500	3,090	1,590
Reimbursements and refunds	10,600	10,600	10,021	(579)
Other	65,520	65,520	73,204	7,684
Total miscellaneous revenues	78,220	78,220	95,715	17,495
Charges for services-trash	120,000	120,000	122,298	2,298
Total revenues	$ 1,733,727	$ 1,733,727	$ 1,941,917	$ 208,190

Town of Ridgway
General Fund
Schedule of Expenditures-Budget and Actual
December 31, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Personnel				
Salary and wages	$ 315,428	$ 315,428	$ 322,373	$ (6,945)
Employee benefits	101,523	101,523	94,349	7,174
Council and Mayor	18,600	18,600	18,000	600
Building Inspector	-	-	4,514	(4,514)
P and Z compensation	13,200	13,200	12,300	900
Town Attorney	75,000	75,000	35,360	39,640
Miscellaneous	77,000	77,000	11,363	65,637
Total personnel	600,751	600,751	498,259	102,492
Administration				
Treasurer fees	5,900	5,900	4,724	1,176
Audit and budget	5,000	5,000	5,350	(350)
Insurance and bonds	5,200	5,200	6,266	(1,066)
Printing and publishing	2,000	2,000	1,301	699
Office supplies and postage	5,150	5,150	4,957	193
Utilities	1,600	1,600	1,476	124
Telephone	3,800	3,800	2,966	834
Repairs and maintenance	200	200	-	200
Elections	2,000	2,000	618	1,382
Janitor services	6,800	6,800	6,800	-
Conference and school	5,000	5,000	2,266	2,734
Dues	2,600	2,600	2,345	255
Consulting services	500	500	(212)	712
Miscellaneous	93,163	93,163	47,959	45,204
Reimbursable bonds and permits	3,800	3,800	2,957	843
Tourism promotion	35,000	35,000	47,176	(12,176)
Leases	2,450	2,450	2,160	290
Meeting and community events	10,000	10,000	6,599	3,401
Website	3,000	3,000	1,725	1,275
Filing and recording	500	500	474	26
Total administrative	193,663	193,663	147,907	45,756
Capital outlay				
Office equipment	5,000	5,000	7,304	(2,304)
Records management	250	250	-	250
Total capital outlay	5,250	5,250	7,304	(2,054)
Total general government	$ 799,664	$ 799,664	$ 653,470	$ 146,194

Town of Ridgway
General Fund
Statement of Expenditures-Budget and Actual
December 31, 2016

continued

Public Safety	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Personal				
Salary and wages	$ 136,509	$ 136,509	$ 129,455	$ 7,054
Municipal Judge	1,440	1,440	1,440	-
Court Clerk	3,600	3,600	3,600	-
Employee benefits	78,091	78,091	70,569	7,522
Juvenile diversion	5,000	5,000	5,000	-
Total personnel	224,640	224,640	210,064	14,576
Administration				
Utilities	1,600	1,600	1,412	188
Gas and oil	6,000	6,000	4,109	1,891
Telephone	3,900	3,900	2,971	929
Uniforms	1,000	1,000	646	354
Radio and radar repair	750	750	389	361
Office supplies	1,000	1,000	1,242	(242)
Dues and schools	225	225	210	15
Equipment purchases	-	-	957	(957)
Traffic and investigations	1,000	1,000	814	186
Dispatch services	29,181	29,181	29,175	6
Testing and examinations	200	200	-	200
Contractual services	2,500	2,500	12,320	(9,820)
Other	6,750	6,750	4,030	2,720
Vehicle maintenance	5,000	5,000	2,004	2,996
Computer services	1,250	1,250	1,335	(85)
Total administration	60,356	60,356	61,614	(1,258)
Other				
Weed control	500	500	748	(248)
Mosquito control	3,000	3,000	14,992	(11,992)
Total other	3,500	3,500	15,740	(12,240)
Total public safety	$ 288,496	$ 288,496	$ 287,418	$ 1,078

Town of Ridgway
General Fund
Statement of Expenditures-Budget and Actual
December 31, 2016

continued

Public Works	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Personnel				
Salaries	$ 101,045	$ 101,045	$ 103,624	$ (2,579)
Employee benefits	33,434	33,434	33,004	430
Total personnel	134,479	134,479	136,628	(2,149)
Administration				
Repairs and maintenance	8,500	8,500	2,632	5,868
Supplies	2,000	2,000	1,452	548
Gas, oil and diesel	10,000	10,000	4,225	5,775
Tools	200	200	-	200
Utilities	2,400	2,400	2,579	(179)
Telephone	1,200	1,200	1,163	37
Safety equipment	500	500	1,306	(806)
Street signs	1,000	1,000	748	252
Consulting services	250	250	320	(70)
Street lighting	2,300	2,300	2,645	(345)
Miscellaneous	14,900	14,900	9,880	5,020
Computer services	1,786	1,786	1,586	200
Total administration	45,036	45,036	28,536	16,500
Capital Outlay				
Storm Drainage	15,000	15,000	-	15,000
Gravel and paving	60,000	60,000	63,320	(3,320)
Streetscape	10,500	10,500	-	10,500
Equipment Leases	6,305	6,305	6,342	
Dust prevention	41,000	41,000	31,785	9,215
Equipment purchase	85,000	85,000	39,480	45,520
Total capital outlay	217,805	217,805	140,927	31,395
Total public works	397,320	397,320	306,091	45,746
Trash removal	$ 120,000	$ 120,000	$ 122,309	$ (2,309)

Town of Ridgway
General Fund
Statement of Expenditures-Budget and Actual
December 31, 2016

continued

Culture and recreation		Original Budget		Final Budget		Actual	Variance Favorable (Unfavorable)
KVNF radio	$	500	$	500	$	-	500
Voyage after school program		6,000		6,000		6,000	-
Other donations		28,250		28,250		25,669	2,581
Uncompahgre Volunteer Legal Aid		1,000		1,000		1,000	-
Second chance humane society		6,000		6,000		5,670	330
Affordable housing incentives		1,000		1,000		1,732	(732)
Total culture and recreation		42,750		42,750		40,071	3,081
Community Center							
Utilities		1,600		1,600		1,476	124
Maintenance and repairs		68,000		68,000		7,706	60,294
Janitorial services		6,800		6,800		6,800	-
Supplies		5,000		5,000		3,879	1,121
Total community center		81,400		81,400		19,861	61,539
Parks							
Personnel							
Salaries and benefits		100,894		100,894		97,415	3,479
Employee benefits		25,578		25,578		24,502	1,076
Total personnel		126,472		126,472		121,917	4,555
Administration							
Utilities		4,650		4,650		4,450	200
Gas and oil		6,000		6,000		1,168	4,832
Repairs and maintenance		14,500		14,500		1,404	13,096
Janitorial		3,000		3,000		3,000	-
Supplies and materials		12,000		12,000		10,451	1,549
Insurance		5,395		5,395		5,395	-
Urban forest management		10,000		10,000		10,000	-
River Corridor maintenance		2,000		2,000		-	2,000
Events and festivals		60,000		60,000		52,156	7,844
Other		7,000		7,000		5,341	1,659
Total administration		124,545		124,545		93,365	31,180
Capital outlay		29,500		29,500		6,572	22,928
Total parks		280,517		280,517		221,854	58,663
Debt service		115,943		115,943		116,343	(400)
Transfers		1,439,400		1,439,400		1,200,378	239,022
Total expenditures	$	3,565,490	$	3,565,490	$	2,967,795	$ 552,614

Town of Ridgway
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental	$1,039,212	$ 1,039,212	$ 482,015	$ (557,197)
Total revenues	1,039,212	1,039,212	482,015	(557,197)
Expenditures				
Current:				
Culture and recreation				
Capital outlay	1,169,956	1,169,956	1,651,932	(481,976)
Total expenditures	1,169,956	1,169,956	1,651,932	(481,976)
Excess (deficiency) of revenues over expenditures	(130,744)	(130,744)	(1,169,917)	(1,039,173)
Other financing sources (uses)				
Transfers in (out)	133,605	133,605	1,200,378	1,066,773
Fund balance (deficit), January 1	-	-	101,403	101,403
Fund balance (deficit), December 31	$ 2,861	$ 2,861	$ 131,864	$ 129,003

Town of Ridgway
Water Fund-(non GAAP Budgetary Basis)
Schedule of Revenues and Expenditures-Budget and Actual
December 31, 2016

	Budgeted			Variable Favorable
Revenues	**Original**	**Final**	**Actual**	**(Unfavorable)**
Charges for services	$ 378,000	$ 378,000	$ 395,886	$ 17,886
Tap fees and contributions	10,000	10,000	49,128	39,128
Investment income	400	400	1,798	1,398
Other	17,100	17,100	23,651	6,551
Total revenues	405,500	405,500	470,463	64,963
Expenditures				
Salaries and fringe benefits	168,782	168,782	172,814	(4,032)
Supplies	17,300	17,300	13,042	4,258
Insurance	6,250	6,250	6,250	-
Professional fees	28,050	28,050	9,337	18,713
Repairs and maintenance	42,500	42,500	10,874	31,626
Vehicle expense	13,000	13,000	10,440	2,560
GIS mapping	7,000	7,000	7,366	(366)
Testing and permits	6,650	6,650	3,669	2,981
Capital outlay	9,000	9,000	8,647	353
Consulting and engineering	9,000	9,000	3,853	5,147
Utilities and telephone	13,000	13,000	14,725	(1,725)
Plant Expenses	22,000	22,000	21,450	550
Computer services	2,140	2,140	2,683	(543)
Other	19,333	19,333	14,835	4,498
Equipment Lease	6,305	6,305	6,342	(37)
Debt service-CWCB	7,571	7,571	7,571	-
Debt service-Montrose Bank	15,565	15,565	30,990	(15,425)
Debt service-CWRPD	22,500	22,500	22,500	-
Debt service-DOLA	9,795	9,795	9,795	-
Debt service- CWCB	30,917	30,917	30,918	(1)
Transfers	21,665	21,665	-	21,665
Total expenditures	478,323	478,323	408,101	70,222
Excess of revenues over expenditures	(72,823)	(72,823)	62,362	135,185
Available Resources-January 1	511,828	511,828	383,007	(128,821)
Available Resources-December 1	$ 439,005	$ 439,005	$ 445,369	$ 6,364

Town of Ridgway
Sewer Fund-(Non GAAP Budgetary Basis)
Schedule of Revenues and Expenditures-Budget and Actual
December 31, 2016

	Budgeted			Variable Favorable
Revenues	**Original**	**Final**	**Actual**	**(Unfavorable)**
Charges for services	$ 287,500	$ 287,500	$ 290,328	$ 2,828
Tap fees and contributions	12,000	12,000	46,956	34,956
Investment income	800	800	4,179	3,379
Miscellaneous	750	750	6,274	5,524
Total revenues	301,050	301,050	347,737	46,687
Expenditures				
Salaries and fringe benefits	141,890	141,890	144,761	(2,871)
Consulting and engineering	7,000	7,000	3,703	3,297
Repairs and maintenance	30,150	30,150	9,497	20,653
Vehicle expense	12,000	12,000	9,145	2,855
GIS mapping	17,000	17,000	19,792	(2,792)
Testing and permits	3,750	3,750	3,273	477
Insurance	6,250	6,250	6,162	88
Professional fees	13,050	13,050	6,202	6,848
Supplies	7,000	7,000	3,555	3,445
Utilities and telephone	43,400	43,400	43,879	(479)
Computer services	1,940	1,940	1,869	71
Plant improvements	19,500	19,500	-	19,500
Debt service-DOLA	15,915	15,915	15,915	-
Other	19,013	19,013	13,417	5,596
Capital outlay	10,250	10,250	10,733	(483)
Transfers	13,790	13,790	-	13,790
Total expenditures	361,898	361,898	291,903	56,205
Excess of revenues over expenditures	(60,848)	(60,848)	55,834	102,892
Available Resources-January 1	618,548	618,548	643,822	25,274
Available Resources-December 1	$ 557,700	$ 557,700	$ 699,656	$ 128,166