TOWN OF OPHIR, COLORADO

FINANCIAL STATEMENTS

Year Ended December 31, 2017

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July 24, 2018

TOWN OF OPHIR, COLORADO

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Year Ended December 31, 2017

FINANCIAL SECTION

HAMBLIN AND ASSOCIATES, LLC
Certified Public Accountants
Member of the American Institute of Certified Public Accountants

23270 Pondview Place
Golden, CO 80401 (303) 694-2727

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and General Assembly
Town of Ophir, 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 Ophir, Colorado as of and for the year ended December 31, 2017, 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 Ophir, as of December 31, 2017, 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 Ophir's financial statements as a whole. The budgetary comparison schedules of the capital projects fund and enterprise fund 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 capital project fund and enterprise fund and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Hamblin and Associates

Golden, Colorado
May 25, 2018

Basic Financial Statements

TOWN OF OPHIR, COLORADO

STATEMENT OF NET POSITION

December 31, 2017

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash Investments	$ 365,966	$ 121,159	$ 487,125
Accounts Receivable	209	6,687	6,896
Property Taxes Receivable	123,819	12,929	136,748
TOTAL CURRENT ASSETS	489,994	140,775	630,769
PROPERTY AND EQUIPMENT			
Water System	-	1,109,922	1,109,922
Building and Improvements	489,824	-	489,824
Equipment	98,057	-	98,057
Land	209,639	-	209,639
Less Accumulated Depreciation	(271,321)	(348,796)	(620,117)
NET PROPERTY AND EQUIPMENT	526,199	761,126	1,287,325
TOTAL ASSETS	1,016,193	901,901	1,918,094
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	10,451	30,818	41,269
Deposits	13,750	-	13,750
Current Portion - Loans	-	25,000	25,000
TOTAL CURRENT LIABILITIES	24,201	55,818	80,019
LONG-TERM LIABILITIES			
Loans	-	312,500	312,500
TOTAL LIABILITIES	24,201	368,318	392,519
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	123,819	12,929	136,748
NET POSITION			
Net Investment in Capital Assets	526,199	423,626	949,825
Restricted for Emergencies	6,200	-	6,200
Unrestricted	335,774	97,028	432,802
TOTAL NET POSITION	$ 868,173	$ 520,654	$ 1,388,827

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

TOWN OF OPHIR, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES	BUSINESS-TYPE ACTIVITES	TOTAL
FUNCTIONS/PROGRAMS							
Government Activities							
Current:							
General government	$ 139,984	$ 200	$ -	$ 21,523	$ (118,261)	$ -	$ (118,261)
Public works	38,247	41,431	-	-	3,184	-	3,184
Culture and recreation	642	-	1,893	-	1,251	-	1,251
TOTAL GOVERNMENT ACTIVITIES	178,873	41,631	1,893	21,523	(113,826)	-	(113,826)
Business - Type Activities							
Current:							
Water Operations	83,005	78,321	-	-	-	(4,684)	(4,684)
TOTAL BUSINESS-TYPE ACTIVITIES	83,005	78,321	-	-	-	(4,684)	(4,684)
TOTAL PRIMARY GOVERNMENT	$ 261,878	$ 119,952	$ 1,893	$ 21,523	(113,826)	(4,684)	(118,510)
GENERAL REVENUES							
Taxes:							
Property taxes					74,417	9,085	83,502
Real estate transfer					69,060	-	69,060
Specific ownership					3,162	-	3,162
Road and bridge					2,795	-	2,795
Highway users					7,047	-	7,047
Other					2,956	-	2,956
TOTAL GENERAL REVENUES					159,437	9,085	168,522
CHANGE IN NET POSITION					45,611	4,401	50,012
NET POSITION - BEGINNING OF YEAR					822,562	516,253	1,338,815
NET POSITION - END OF YEAR					$ 868,173	$ 520,654	$ 1,388,827

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

TOWN OF OPHIR, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	GENERAL	OPEN SPACE	CONSERVATION TRUST	CAPITAL PROJECTS	TOTAL
ASSETS					
Cash and equivalents	$ 244,129	$ 107,948	$ 9,043	$ 4,846	$ 365,966
Accounts receivable	209	-	-	-	209
Property taxes receivable	123,819	-	-	-	123,819
TOTAL ASSETS	$ 368,157	$ 107,948	$ 9,043	$ 4,846	$ 489,994
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 10,451	$ -	$ -	$ -	$ 10,451
Deposits	13,750	-	-	-	13,750
TOTAL LIABILITIES	24,201	-	-	-	24,201
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	123,819	-	-	-	123,819
FUND BALANCES					
Fund balance:					
Restricted for Emergencies	6,200	-	-	-	6,200
Committed - Broadband	18,575	-	-	-	18,575
Committed - Capital Projects	-	-	-	4,846	4,846
Committed - Parks and Recreation	-	107,948	9,043	-	116,991
Unassigned	195,362	-	-	-	195,362
TOTAL FUND BALANCES	220,137	107,948	9,043	4,846	341,974
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 368,157	$ 107,948	$ 9,043	$ 4,846	$ 489,994

Total Fund Balance	$ 341,974
Capital assets used in governmental activities are not current resources and are not reported in the funds:	
Capital Assets	797,520
Accumulated Depreciation	(271,321)
NET POSITION - GOVERNMENTAL ACTIVITIES	$ 868,173

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

TOWN OF OPHIR, COLORADO

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

Year Ended December 31, 2017

	GENERAL	OPEN SPACE	CONSERVATION TRUST	CAPITAL PROJECTS	TOTAL
REVENUES					
Taxes	$ 140,041	$ 2,762	$ -	$ -	$ 142,803
Intergovernmental	16,025	-	1,893	-	17,918
Licenses, permits and fees	41,431	-	-	-	41,431
Charges for services	200	-	-	-	200
Miscellaneous revenue	22,132	-	-	-	22,132
TOTAL REVENUES	219,829	2,762	1,893	-	224,484
EXPENDITURES					
General government	135,205	-	-	-	135,205
Public works	21,139	-	-	-	21,139
Culture and recreation	-	-	642	-	642
TOTAL EXPENDITURES	156,344	-	642	-	156,986
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	63,485	2,762	1,251	-	67,498
FUND BALANCES, BEGINNING	156,652	105,186	7,792	4,846	274,476
FUND BALANCES, ENDING	$ 220,137	$ 107,948	$ 9,043	$ 4,846	$ 341,974

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	$ 67,498
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over the useful lives as annual depreciation expense.	
Depreciation Expense	(21,887)
Change in Net Position - Governmental Activities	$ 45,611

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

TOWN OF OPHIR, COLORADO

STATEMENT OF NET POSITION
WATER FUND

December 31, 2017

ASSETS	
CURRENT ASSETS	
Cash	$ 121,159
Accounts Receivable	6,687
Property tax receivable	12,929
TOTAL CURRENT ASSETS	140,775
FIXED ASSETS	
Water System	1,109,922
Accumulated Depreciation	(348,796)
NET FIXED ASSETS	761,126
TOTAL ASSETS	901,901
LIABILITIES, DEFERRED OUTFLOWS, AND FUND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	30,818
Current portion of long-term debt:	
Loan payable	25,000
TOTAL CURRENT LIABILITIES	55,818
LONG-TERM LIABILITIES, NET OF CURRENT MATURITIES	
Loan payable	312,500
TOTAL LIABILITIES	368,318
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	12,929
NET POSITION	
Net Investment in Capital Assets	423,626
Unrestricted	97,028
TOTAL NET POSITION	$ 520,654

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

TOWN OF OPHIR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION WATER FUND

Year Ended December 31, 2017

OPERATING REVENUES	
Charges for services	$ 63,571
Tap fees	14,000
Taxes	9,085
Other	750
TOTAL OPERATING REVENUES	87,406
OPERATING EXPENSES	
Water system project/Waterfall line maintenance	75
Trash service	12,782
Miscellaneous	2,119
Postage and office	852
Repairs and maintenance	2,077
Utilities	6,335
Water testing	5,689
Payroll	15,325
Depreciation	37,751
TOTAL OPERATING EXPENSES	83,005
CHANGE IN NET POSITION	4,401
NET POSITION, BEGINNING	516,253
NET POSITION, ENDING	$ 520,654

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

TOWN OF OPHIR, COLORADO

STATEMENT OF CASH FLOWS
ENTERPRISE FUND - WATER FUND

Year Ended December 31, 2017

	WATER FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and other sources	$ 102,016
Cash paid for expenses and employees	(48,480)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	53,536
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments	(25,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,536
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	92,623
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 121,159
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
CHANGE IN NET POSITION	$ 4,401
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	37,751
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(2,390)
(Decrease) increase in:	
Accounts payable	13,774
Total adjustments	49,135
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 53,536

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 Ophir, 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 financial statements of the Town of Ophir, Colorado (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 Ophir, Colorado was organized as a statutory town in Colorado by court order. 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. In conformity with GASB pronouncements, the Town has no component units.

The Town provides general government, public works (road and streets) and water for the geographical area organized as the Town of Ophir, Colorado.

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 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.

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, spend able 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 described below.

The General Fund is the Town's primary operating fund, accounting for the general operations of the Town and activities not required to be accounted for in another fund.

The Open Space Fund accounts for the acquisition and maintenance of open space. Reserves are developed over time and are then used to acquire real properties to be dedicated as open spaces.

The Conservation Trust Fund accounts for monies received through the State of Colorado Lottery / Conservation Trust program, to be spent on parks and recreation.

The Capital Projects Fund is used to account for the acquisition and construction of major facilities, except for those financed by proprietary funds.

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

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

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. "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, which are stated at cost, equal to fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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

Asset Class	Useful Life
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 - 35 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.

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 assets. 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.

K. Net Position/ Fund Balances

Net position represent the difference between assets and liabilities. Net investment in capital assets consist 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. In the government-wide financial statements, net position is 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position/ Fund Balances (Continued)

For the governmental fund presentation, fund balances classified as “restricted” are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as “committed” can only be used for specific purposes pursuant to constraints imposed by the Town through a resolution. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. “Assigned” fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by Town management. The “nonspendable” fund balance classification includes items that are not expected to be converted to cash, such as inventory and prepaid amounts.

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”.

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 Treasurer (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 general assembly 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.

NOTE 2: BUDGETARY REQUIREMENTS (Continued)

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 Proprietary Funds are presented in the accompanying Basic Financial Statements on the GAAP basis. Budget amounts included in the financial statements are as originally adopted or as amended by the general assembly.

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

The governmental funds balance sheet includes a 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 a 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 adjustments 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 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 PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

NOTE 4: CASH AND INVESTMENTS (Continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools, and are the co-agents for release of the collateralized assets.

The Town is governed by the deposit and investment limitations of state law. The deposits held at December 31, 2017, are shown below.

Type	Carrying Value
Deposits:	
Demand deposits	$ 330,965
Reconciliation to Statement of Net Assets	
Current:	
Deposits and investments - unrestricted	$ 330,965

A. Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments are fully insured by depository insurance or secured with collateral held by Town's agent in its name. All investments, evidenced by individual securities, are registered in the name of the Town.

B. Investment Interest Rate Risk

The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Investment Credit Risk

The Town has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;

2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;

NOTE 4: CASH AND INVESTMENTS (Continued)

C. Investment Credit Risk (Continued)

3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;

4. County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;

5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and

6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4 above.

D. Concentration Of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. At December 31, 2017, the Town had no concentration of credit risk.

The District invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

NOTE 5: PROPERTY TAXES

Property taxes are collected on behalf of the Town by San Miguel County and then remitted to the Town. The property tax is levied and certified in December 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 the County.

TOWN OF OPHIR, COLORADO

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 6: CAPITAL ASSETS

Following is a summary of changes in Capital Assets for the year ended December 31, 2017:

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 209,639	$ -	$ -	$ 209,639
Capital assets being depreciated:				
Buildings and improvements	489,824	-	-	489,824
Equipment	98,057	-	-	98,057
Total Capital assets being depreciated:	587,881	-	-	587,881
Less accumulated depreciation:				
Buildings and improvements	(204,610)	(12,695)	-	(217,306)
Equipment	(44,824)	(9,192)	-	(54,016)
	(249,434)	(21,887)	-	(271,321)
Capital assets being depreciated, net	338,447	(21,887)	-	316,560
Total Governmental Activities Net Capital Assets	$ 548,086	$ (21,887)	$ -	$ 526,199

Depreciation expense was charged to the following governmental activities:

General Government	$ 4,779
Public Works	17,108
Total	$ 21,887

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Business-Type Activities				
Water System	$ 1,084,025	$ -	$ -	$ 1,084,025
Equipment	25,897	-	-	25,897
Less Accumulated Appreciation	(311,045)	(37,751)	-	(348,796)
Total Business-Type Activities Net Capital Assets	$ 798,877	$ (37,751)	$ -	$ 761,126

NOTE 7: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2017:

	Balance 12/31/16	Additions	Payments	Balance 12/31/17	Current Portion
Business-Type Activities:					
CWRPDA ARRA Direct Loan - Drinking Water	$ 337,500	$ -	$ 25,000	$ 312,500	$ 25,000
Total business-type activities	**$ 337,500**	**$ -**	**$ 25,000**	**$ 312,500**	**$ 25,000**

Loans Payable

On December 18, 2009, the Town entered into a $500,000 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). The loan was used for various water treatment plant upgrades, a new filtration gallery, and construction of a new water storage tank. The loan bears 0.0% interest and requires semi-annual payments of $12,500 on December 1 and June 1 through June 2030. The debt payments are secured and paid by the Water Utility Fund.

Annual debt service requirements for the Town's outstanding notes are as follows:

Business-Type Activities			
Year	**Principal**	**Interest**	**Total**
2018	$ 25,000	$ -	$ 25,000
2019	25,000	-	25,000
2020	25,000	-	25,000
2021	25,000	-	25,000
2022	25,000	-	25,000
2023-2027	125,000	-	125,000
2028-2030	62,500	-	62,500
Total Payments	$ 312,500	$ -	$ 312,500

NOTE 8: 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. 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 Enterprises. The governmental funds of the Town do not qualify as Enterprises.

NOTE 8: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS (Continued)

The amendment defined the Town's year-end, December 31, 1992 as the initial base year for purposes of defining compliance with the amendment. The amendment defines inflation and local growth. Future years' revenue, based upon prior years' revenue, is only allowed to increase, based upon inflationary and local growth factors. The Town must refund revenue received in excess of prior years' revenue to the voters, unless the voters were to approve retention of the excess revenue.

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 severely 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, subject to interpretation, and may not become fully understood without judicial determination.

The Town exempted out of compliance with the tabor Amendment on January 16, 2001 with the following election question:

"Shall the Town of Ophir, without any increase in the property tax mill levy, be authorized to increase its revenue and expenditure limitations established under Article X, Section 20 of the Colorado Constitution during 2001 and subsequent years to receive and expend state and federal grants and all donations and to receive and expend all property tax revenues generated by the existing mill levy, all real estate transfer tax revenues including existing revenues, and all other revenues without any limitation established by Article X, Section 20, of the Colorado Constitution, effective January 1, 2001."

NOTE 9: CONTINGENCIES

A. Claims and Judgments

The Town participates in some 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. As of December 31, 2017, grant expenditures have not been audited for grant compliance, but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Town.

NOTE 10: BUDGET COMPLIANCE

The Town may be out of compliance with State statutes by exceeding appropriated budget by $4,649 in the Water Enterprise Fund.

Required Supplementary Information

TOWN OF OPHIR, COLORADO

BUDGETARY COMPARISON
GENERAL FUND

Year Ended December 31, 2017

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Licences and permits	5,268	41,431	$ 36,163
Sales and use tax	4,200	-	(4,200)
Real estate transfer tax	34,000	66,298	32,298
Property tax	73,533	73,533	-
Specific ownership tax	3,000	3,162	162
Current interest	475	884	409
Auto registration	850	829	(21)
Road and bridge apportionment	5,000	2,795	(2,205)
Highway users rebate	6,000	7,047	1,047
Mineral lease	2,000	417	(1,583)
Broadband	-	21,523	21,523
Cigarette tax	10	-	(10)
Other	4,655	1,910	(2,745)
TOTAL REVENUES	138,991	219,829	80,838
EXPENDITURES			
Administration	107,631	100,827	6,804
Building and code enforcement	7,300	8,720	(1,420)
Public works	35,650	21,139	14,511
Broadband	10,500	23,693	(13,193)
Other	1,200	1,965	(765)
TOTAL EXPENDITURES	162,281	156,344	5,937
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,290)	63,485	86,775
FUND BALANCE, BEGINNING OF YEAR	94,000	156,652	62,652
FUND BALANCE, END OF YEAR	$ 70,710	$ 220,137	$ 149,427

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

TOWN OF OPHIR, COLORADO

BUDGETARY COMPARISON
OPEN SPACE FUND

Year Ended December 31, 2017

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	$ 2,000	2,762	$ 762
TOTAL REVENUES	2,000	2,762	762
EXPENDITURES			
Culture and Recreation	2,000	-	2,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,762	2,762
FUND BALANCE, BEGINNING OF YEAR	104,585	105,186	601
FUND BALANCE, END OF YEAR	$ 104,585	$ 107,948	$ 3,363

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

TOWN OF OPHIR, COLORADO

BUDGETARY COMPARISON
CONSERVATION TRUST FUND

Year Ended December 31, 2017

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Lottery Trust Revenue	$ 2,000	1,893	$ (107)
TOTAL REVENUES	2,000	1,893	(107)
EXPENDITURES			
Parks and Recreation	2,000	642	1,358
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,251	1,251
FUND BALANCE, BEGINNING	7,792	7,792	-
FUND BALANCE, ENDING	$ 7,792	$ 9,043	$ 1,251

See the accompanying Independent Auditors' Report.

Other Supplementary Information

TOWN OF OPHIR, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (NON-GAAP BASIS) AND ACTUAL CAPITAL PROJECTS FUND

Year Ended December 31, 2017

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE-FAVORABLE (UNFAVORABLE)
REVENUES			
Grants	$ -	$ -	$ -
EXPENDITURES			
Capital Projects	4,000	-	4,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,000)	-	4,000
OTHER FINANCING SOURCES (USES)			
Transfers In (out)	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,000)	-	4,000
FUND BALANCE, BEGINNING	4,846	4,846	-
FUND BALANCE, ENDING	$ 846	$ 4,846	$ 4,000

See the accompanying Independent Auditors' Report.

TOWN OF OPHIR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL ENTERPRISE FUND - WATER

Year Ended December 31, 2017

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Water sales	50,320	49,696	$ (624)
Trash service revenue	13,500	13,875	375
Late fees	500	750	250
Taxes	8,611	9,085	474
Tap fees	-	14,000	14,000
TOTAL REVENUES	72,931	87,406	14,475
EXPENSES			
Water system project/Waterfall line maintenance	-	75	(75)
Trash service	12,000	12,782	(782)
Legal	1,500	-	1,500
Miscellaneous	3,247	2,119	1,128
Postage and office	500	852	(352)
Repairs and maintenance	22,000	2,077	19,923
Utilities	5,000	6,335	(1,335)
Water testing	6,100	5,689	411
Forest permit use fee	125	-	125
Payroll	15,133	15,325	(192)
Debt service	-	25,000	(25,000)
TOTAL EXPENSES	65,605	70,254	(4,649)
NET INCOME (LOSS) NON-GAAP BUDGETARY BASIS	$ 7,326	17,152	$ 9,826
ADJUSTMENTS TO GAAP BASIS:			
Add:			
Principal payments of debt		25,000	
Less:			
Depreciation		(37,751)	
NET INCOME (LOSS) GAAP BASIS		4,401	
Net Position, Beginning		516,253	
Net Position, Ending		$ 520,654	

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Ophir, San Miguel County
	YEAR ENDING : December 2017
This Information From The Records Of - Town of Oghir, CO	Prepared By:Cindy Wyszynski Phone: 970-708-4803

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)	8,902
4. Miscellaneous local receipts (from page 2)	500
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)	9,402
B. Private Contributions	0
C. Receipts from State government (from page 2)	7,876
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	17,278

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	3,784
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	8,517
c. Other	0
d. Total (a. through c.)	8,517
4. General administration & miscellaneous	
5. Highway law enforcement and safety	
6. Total (1 through 5)	12,301
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)	12,301

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
(76,160)	17,278	12,301	(71,183)	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/17

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	8,532	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	500
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	370	g. Other Misc. Receipts	0
6. Total (1. through 5.)	370	h. Other	
c. Total (a. + b.)	8,902	i. Total (a. through h.)	500
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	7,047	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	829	d. Federal Transit Admin	0
d. Other (Specify)		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	829	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	7,876	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: