

City of Ouray
Financial Statements and
Independent Auditor's Report
as of
December 31, 2014

City of Ouray
Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	17
Statement of Net Position-Enterprise Funds.....	18
Statement of Revenues, Expenses and Changes in Net Position-Enterprise Funds.....	19
Statement of Cash Flows-Enterprise Funds.....	20
Statement of Fiduciary Net Position.....	21
Statement of Changes in Fiduciary Net Position.....	22
Notes to Basic Financial Statements.....	23
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
General Fund.....	40
Other Supplementary Information	
Combining Balance Sheet-Nonmajor Governmental Funds.....	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds.....	42
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Governmental Funds:	
Conservation Trust.....	43
Tourism Promotion Fund.....	44
Beautification Fund.....	45
Schedules of Revenues, Expenditures and Changes in Available Resources-Budget and Actual-Enterprise Funds:	
Water Fund.....	46
Sewer Fund.....	47
Utility-Capital Improvement Fund.....	48
Refuse Fund.....	49
Parks Fund.....	50
Schedule of Revenues, Expenditures and Changes in Available Resources – Budget and Actual – Pension Trust Fund.....	51
Local Highway Finance Report.....	52

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Ouray, 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 City of Ouray, Colorado as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 City of Ouray, Colorado, as of December 31, 2014, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–11 and 40 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 City of Ouray, Colorado basic financial statements. The combining and individual fund financial statements and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 combining and individual fund financial statements 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
May 7, 2015

CITY OF OURAY
Management's Discussion and Analysis
Year Ended December 31, 2014

The Ouray City Council and Administration are responsible for the management of the City's activities, and thus their financial results. We therefore offer the following analysis and discussion of the accompanying financial statements.

FINANCIAL HIGHLIGHTS

As of December 31, 2014

Change in Net Position:

Total Assets		\$9,914,658
Total Liabilities and Deferred Resources		<u>1,350,538</u>
Net Position	12/31/14	\$8,564,120
	12/31/13	<u>8,325,259</u>
Increase (Decrease)		<u>\$ 238,861</u>

Governmental Fund Balances:

			Increase (Decrease)
	<u>1/1/14</u>	<u>12/31/14</u>	
General Fund	\$596,442	\$562,828	\$ (33,614)
Non-major Funds	<u>251,466</u>	<u>196,492</u>	<u>(54,974)</u>
Total Funds	<u>\$847,908</u>	<u>\$759,320</u>	<u>\$ (88,588)</u>

Capital Assets, net of accumulated depreciation:

			Increase (Decrease)
	<u>1/1/14</u>	<u>12/31/14</u>	
Governmental Activities	\$1,714,063	\$1,692,307	\$ (21,756)
Business-type Activities	<u>5,926,660</u>	<u>5,943,546</u>	<u>16,886</u>
Total Capital Assets	<u>\$7,640,723</u>	<u>\$7,635,853</u>	<u>\$ (4,870)</u>

Cash and Cash Equivalents:

		<u>12/31/14</u>
Governmental Activities		\$ 785,506
Business-type Activities		<u>712,787</u>
Total Cash and Cash Equivalents		<u>\$1,498,293</u>

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City'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 City's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all the City's assets and liabilities, with the difference between the two being 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 City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position is 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 City 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 City include general government administration, police, fire, public works, and community center. The Business-type Activities of the City include the following utilities: water, sewer, refuse/recycling, and utilities-capital improvements; in addition to parks and recreation.

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 City's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *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 City maintains one major government fund, the General 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 City 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 City uses a separate enterprise fund to account for each of its utility funds: Water, Sewer, Refuse/Recycling, and Utilities – Capital Improvements Fund, and to account for its Parks and Recreation Fund.

Fiduciary Funds – The City maintains one type of fiduciary fund, the Ouray Volunteer Fire Department Pension Trust Fund.

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 City's financial position. For the year ended December 31, 2014, the City's combined assets exceeded liabilities by \$8,564,120. Of this amount, \$1,287,734 is unrestricted and available to meet the City's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$7,131,773 (83% 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 City's governmental and business-type net position for 2014:

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
ASSETS						
Cash and cash equivalents	\$ 894,441	\$ 785,506	\$ 611,033	\$ 712,787	\$1,505,474	\$1,498,293
Restricted cash	-	-	-	132,000	-	132,000
Property taxes receivable	336,465	488,517	-	-	336,465	488,517
Accounts receivables	18,240	31,938	5,550	20,267	23,790	52,205
Other receivables	-	-	2,045	36,501	2,045	36,501
Due from other governments	39,145	31,369	-	-	39,145	31,369
Prepaid and deposits	2,836	1,695	-	-	2,836	1,695
Inventories	8,228	8,300	29,523	29,925	37,751	38,225
Capital assets, net	1,714,063	1,692,307	5,926,660	5,943,546	7,640,723	7,635,853
Total assets	\$3,013,418	\$3,039,632	\$6,574,811	\$6,875,026	\$9,588,229	\$9,914,658
LIABILITIES						
Accounts payable	\$ 42,035	\$ 29,593	\$ 89,060	\$ 75,627	\$ 131,095	\$ 105,220
Accrued wages	31,267	22,258	63,344	73,092	94,611	95,350
Accrued interest payable	-	-	5,227	5,227	5,227	5,227
Performance bonds and deposits	-	-	818	1,795	818	1,795
Deferred revenue	41,680	47,637	-	73,719	41,680	121,356
Accrued other expenses	-	-	43,536	-	43,536	-
Current portion of debt						
Loans and notes payable	-	-	49,130	59,227	49,130	59,227
Capital leases	39,501	29,229	18,280	8,699	57,781	37,928
Compensated absences	21,854	28,993	-	-	21,854	28,993
Long-term liabilities						
Due more than one year:						
Loans and notes payable	-	-	384,962	317,937	384,962	317,937
Capital leases	87,613	88,988	8,198	-	95,811	88,988
Total liabilities	263,950	246,698	662,555	615,323	926,505	862,021
Deferred inflow of resources						
Deferred property tax revenue	336,465	488,517	-	-	336,465	488,517
NET POSITION						
Invested in capital assets	1,586,949	1,574,090	5,466,090	5,557,683	7,053,039	7,131,773
Reserves	-	-	62,120	80,000	62,120	80,000
Restricted for:						
Emergencies	57,930	64,613	-	-	57,930	64,613
Unrestricted	768,124	665,714	384,046	622,020	1,152,170	1,287,734
Total net position	\$2,413,003	\$2,304,417	\$ 5,912,256	\$ 6,259,703	\$ 8,325,259	\$ 8,564,120

A portion of net position, \$64,613, represents resources that are subject to constitutional restrictions on how they may be used. Reserves of \$80,000 are required by one debt agreement. Unrestricted net position of \$1,287,734 (15% of net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

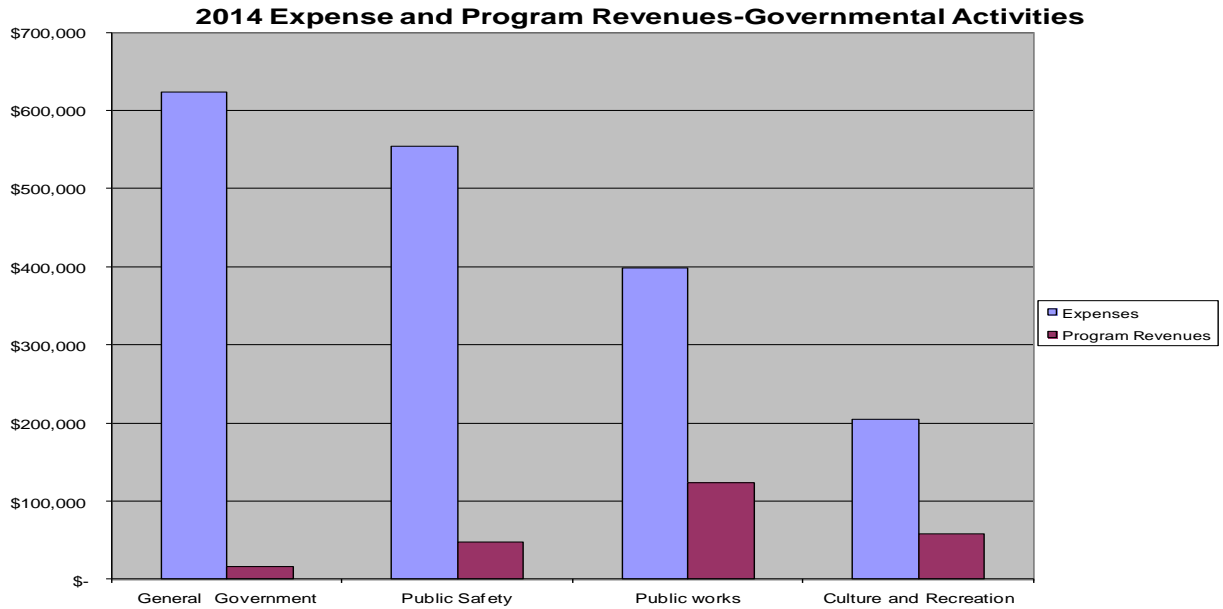
Governmental and business-type activities increased the City's net position by \$238,861 in 2014.

City of Ouray For the Years Ended December 31st Changes in Net Position

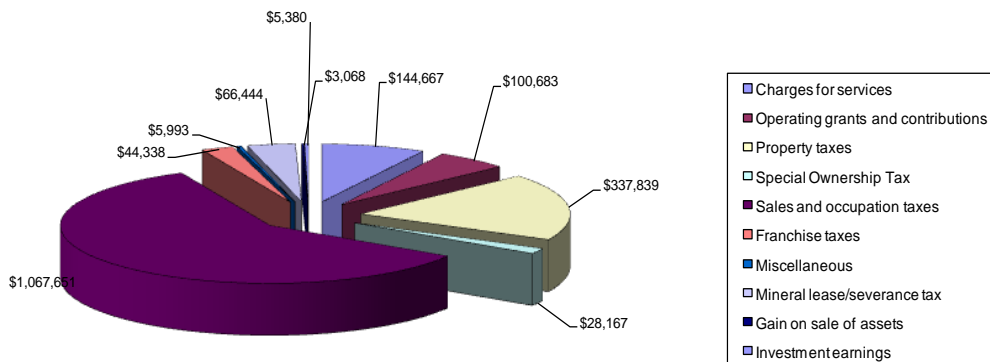
	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues						
Program revenues						
Charges for services	\$102,546	\$144,667	\$2,297,524	\$2,367,806	\$2,400,070	\$2,512,473
Operating grants	85,068	100,683	-	-	85,068	100,683
Capital grants	-	-	20,000	-	20,000	-
General Revenues						
Property taxes	384,761	337,839	-	-	384,761	337,839
Specific ownership	26,456	28,167	-	-	26,456	28,167
Sales taxes and other	1,025,778	1,067,651	-	-	1,025,778	1,067,651
Franchise taxes	44,364	44,338	-	-	44,364	44,338
Miscellaneous	63,273	5,993	7,470	29,136	70,743	35,129
Mineral lease/severance tax	-	66,444	-	-	-	66,444
Grants and contributions	-	-	-	34,474	-	34,474
Gain on sale of assets	-	3,068	-	-	-	3,068
Investment earnings	1,917	5,380	1,393	1,373	3,310	6,753
Totals	1,734,163	1,804,230	2,326,387	2,432,789	4,060,550	4,237,019
Expenses						
General Government	581,900	623,795	-	-	581,900	623,795
Public Safety	545,514	554,368	-	-	545,514	554,368
Public works	427,519	398,464	2,069,869	2,217,343	2,497,388	2,615,807
Culture and Recreation	224,614	204,189	-	-	224,614	204,189
Total Expenses	1,779,547	1,780,816	2,069,869	2,217,343	3,849,416	3,998,159
Changes in net position	(45,384)	23,414	256,518	215,446	211,134	238,860
Special Items	-	-	193,000	-	-	-
Beginning	2,458,387	2,413,003	5,462,737	5,912,257	7,921,124	8,325,260
Residual transfer	-	(132,000)	-	132,000	-	-
Ending	\$2,413,003	\$2,304,417	\$5,912,255	\$6,259,703	\$8,132,258	\$8,564,120

Governmental Activities

Governmental activities decreased the City's net position by \$(108,586).



Revenues by Source-Governmental Activities



In 2014, property tax revenues decreased by 12%, and sales/occupation tax revenues increased by 4%, compared to the prior year.

Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$215,446. Charges for services accounted for 97% of total revenues, compared to 99% for the prior year due.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

As of the end of 2014, the City's governmental funds reported combined ending fund balances of \$759,320, a decrease of \$(88,588) in comparison with the prior year. Of the combined ending fund balances for all governmental funds 15% of this total amount, \$115,266, constitutes unassigned fund balance, which is available for appropriation at the City's discretion; committed fund balance is 63%, or \$481,898, of governmental fund balances. There is \$89,243 of fund balance that is statutorily restricted to capital spending for parks and recreation. Non-spendable fund balance of \$8,300 represents inventoried materials. The remaining fund balance is restricted to indicate that it is not available for new spending, because it is already committed to meet a State constitution mandated emergency reserve of \$64,613.

The City has one major governmental fund, the General Fund, which is the primary operating fund for the City. At the end of 2014, unassigned fund balance of the General Fund was \$115,266, while the total fund balance was \$562,828. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's General Fund decreased by \$(33,614) during 2014.

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

The City has five enterprise funds: Water Fund, Sewer Fund, Refuse/Recycling Fund, Utilities – Capital Improvements Fund, and Parks and Recreation Fund. At the end of 2014, these funds represented the following net position amounts:

Fund:	Water	Sewer	Refuse/Rcycl.	Utilities – CI	Parks & Rec.
Unrestricted net position	1,409	332,805	34,028	136,408	117,370
Total net position	3,537,098	1,062,926	34,028	136,408	1,489,243
Increase (decrease) in net position	23,963	15,585	541	(91,850)	267,207

GENERAL FUND BUDGETARY HIGHLIGHTS

The City originally budgeted \$1,657,050 for 2014 expenditures. Actual expenditures were \$1,527,564, or 8% less than the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets, net of depreciation, for its governmental and business-type activities as of December 31, 2014, was \$7,635,853, a decrease of \$(4,870) from the prior year, representing \$508,898 of acquisitions offset by \$513,770 of depreciation expense. As required by GASB34, the investment in capital assets includes land, buildings, building improvements, and equipment.

Long-term Debt

As of December 31, 2014, the City had long-term debt as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due within one year
Governmental Activities					
Motor grader	\$ 10,087	\$ -	\$ (10,087)	\$ -	\$ -
Plow-sander	90,835	-	(16,784)	74,051	17,449
Jeep	8,532	-	(8,532)	-	-
Snow blower	17,660	-	(4,094)	13,566	4,303
Swaploader	-	30,600	-	30,600	7,477
Accrued compensated absences	21,854	7,139	-	28,993	-
Total	\$ 148,968	\$ 37,739	\$ (39,497)	\$ 147,210	\$ 29,229
Enterprise Activities					
Colorado Water Resources	\$ 434,092	\$ -	\$ (56,927)	\$ 377,165	\$ 59,227
Motor grader	10,088	-	(10,088)	-	-
Chevy 3500 Truck	16,891	-	(8,192)	8,699	8,699
Total	\$ 461,071	-	\$ (75,207)	\$ 385,864	\$ 67,926

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The City is in fair financial condition.
- The City began growing its General Fund reserves with the 2006 voter approved move of the 1% sales tax from the Water Fund to the General Fund. In 2011, Other Parks and Ski Tow were transferred from the Parks Fund to the General Fund, representing a structural correction of City funds. From 2011 to 2014 these expenditures averaged \$171,000 annually, for which there has been no additional supporting revenue source. General Fund reserves were used to cover these expenditures. Without increased General Fund revenues,

core services would be impacted. In November 2014, voters approved removing the TABOR amendment revenue and spending limits on property taxes (aka ‘de-Brucing’) and authorized return to the preserved 13.585 mill levy.

- Property tax revenues for 2015 general operating purposes are estimated to increase 58%, or \$152,344, as a result of the ‘de-Brucing’ of property tax noted above. This additional revenue was not included in the 2015 Budget, since the election outcome was not yet determined during the 2015 Budget work sessions. Assessed values were comparable between 2014 and 2015.
- Sales tax revenues account for 47% of the 2015 budgeted General Fund revenue, excluding grants, and are an important source for providing funds for the general operations and maintenance of the City. For 2015, Sales tax revenues were budgeted to increase by 2% compared to 2014, due to increased regional tourism and slightly improved overall economic conditions. Sales tax revenue through the month of June, mostly representing sales through April, increased by 8%. Much of the increase is attributable to the January 2014 continuous rock fall event on Highway 550, which caused CDOT to temporarily close the Highway for several weeks, followed by several months of one-way traffic through that area during mitigation and repair. For this same period in 2015, local businesses and the Hot Springs Pool have reported a significant increase in revenues over 2014.
- For 2015, the City increased its Water rate by 20% and increased its Sewer rate by 5%. For a single-family residence, this was an annual increase of \$60.12.
- In 2014, capital projects included dredging the Waste Water Treatment Plant lagoons, making improvements to the Bathhouse, upgrading Information Technology, and continuing water augmentation. For 2015, capital spending is focused on development of the Pool Master Plan, replacement of a key section of the Box Cañon geothermal line, and engineering of the Skyrocket culvert replacement. Bond financing strategies for a multi-year Pool capital improvement project are underway, and may require voter approval in November 2015.
- In 2014, the Council adopted a Strategic Plan to identify and prioritize its goals and objectives for the future. In 2015, Council and staff are updating this document for changes in the focus of providing municipal services.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’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:

Clerk/Treasurer
City of Ouray
P.O. Box 468
Ouray, CO 81427

CITY OF OURAY, COLORADO
Statement of Net Position
December 31, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 785,506	\$ 712,787	\$ 1,498,293
Restricted cash	-	132,000	132,000
Property taxes receivable	488,517	-	488,517
Accounts receivable	31,938	20,267	52,205
Other receivables	-	36,501	36,501
Due from other governments	31,369	-	31,369
Prepaid and deposits	1,695	-	1,695
Inventories	8,300	29,925	38,225
Capital assets, net	1,692,307	5,943,546	7,635,853
Total assets	3,039,632	6,875,026	9,914,658
LIABILITIES			
Accounts payable	29,593	75,627	105,220
Accrued wages	22,258	73,092	95,350
Accrued interest payable	-	5,227	5,227
Performance bonds and deposits	-	1,795	1,795
Deferred revenue	47,637	73,719	121,356
Current portion of debt			
Loans and notes payable	-	59,227	59,227
Capital leases	29,229	8,699	37,928
Compensated absences	28,993	-	28,993
Long-term liabilities			
Due more than one year:			
Loans and notes payable	-	317,937	317,937
Capital leases	88,988	-	88,988
Total liabilities	246,698	615,323	862,021
Deferred inflow of resources			
Deferred property tax revenue	488,517	-	488,517
NET POSITION			
Invested in capital assets	1,574,090	5,557,683	7,131,773
Reserves	-	80,000	80,000
Restricted for:			
Emergencies	64,613	-	64,613
Unrestricted	665,714	622,020	1,287,734
Total net position	\$ 2,304,417	\$ 6,259,703	\$ 8,564,120

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 623,795	\$ 16,244	\$ -	\$ -
Public Safety	554,368	42,872	4,595	-
Public Works	398,464	56,575	67,063	-
Culture and Recreation	204,189	28,976	29,025	-
Total governmental activities	<u>1,780,816</u>	<u>144,667</u>	<u>100,683</u>	<u>-</u>
Business-type activities:				
Water	493,882	383,612	-	-
Sewer	370,635	385,316	-	-
Refuse	146,624	147,165	-	-
Utilities-Capital Improvements	-	-	-	-
Parks	1,206,202	1,451,713	-	-
Total business- type activities	<u>2,217,343</u>	<u>2,367,806</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$ 3,998,159</u></u>	<u><u>\$ 2,512,473</u></u>	<u><u>\$ 100,683</u></u>	<u><u>\$ -</u></u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Mineral leasing and severance taxes

Grants and contributions not restricted

Gain on sale of assets

Investment earnings

Total General Revenues and Transfers

Changes in Net Position

Net Position-January 1

Residual transfer

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (607,551)	\$ -	\$ (607,551)
(506,901)	-	(506,901)
(274,826)	-	(274,826)
(146,188)	-	(146,188)
<u>(1,535,466)</u>	<u>-</u>	<u>(1,535,466)</u>
-	(110,270)	(110,270)
-	14,681	14,681
-	541	541
-	-	-
-	245,511	245,511
<u>-</u>	<u>150,463</u>	<u>150,463</u>
<u>(1,535,466)</u>	<u>150,463</u>	<u>(1,385,003)</u>
337,839	-	337,839
28,167	-	28,167
1,067,651	-	1,067,651
44,338	-	44,338
5,993	29,136	35,129
66,444	-	66,444
-	34,474	34,474
3,068	-	3,068
5,380	1,373	6,753
<u>1,558,880</u>	<u>64,983</u>	<u>1,623,863</u>
23,414	215,446	238,860
2,413,003	5,912,257	8,325,260
(132,000)	132,000	-
<u>\$ 2,304,417</u>	<u>\$ 6,259,703</u>	<u>\$ 8,564,120</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Governmental Funds
Balance Sheet
December 31, 2014

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 589,014	\$ 196,492	\$ 785,506
Taxes receivable	488,517	-	488,517
Due from other governments	31,369	-	31,369
Accounts receivable	31,938	-	31,938
Inventory	8,300	-	8,300
Prepaid expenses	1,695	-	1,695
Total assets	<u>\$ 1,150,833</u>	<u>\$ 196,492</u>	<u>\$ 1,347,325</u>
Liabilities, Deferred inflows of resources and Fund Balance			
Liabilities:			
Accounts payable	\$ 29,593	\$ -	\$ 29,593
Accrued wages	22,258	-	22,258
Deferred revenue	47,637	-	47,637
Total liabilities	<u>99,488</u>	<u>-</u>	<u>99,488</u>
Deferred inflow of resources			
Deferred property tax revenue	<u>488,517</u>	<u>-</u>	<u>488,517</u>
Fund balances:			
Non-spendable	8,300	-	8,300
Restricted			
Emergencies	64,613	-	64,613
Parks and recreation	-	89,243	89,243
Committed			
Flumes, streets and drainage	374,649	-	374,649
Tourism	-	9,922	9,922
Beautification	-	97,327	97,327
Unassigned	115,266	-	115,266
Total fund balance	<u>562,828</u>	<u>196,492</u>	<u>759,320</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 662,316</u>	<u>\$ 196,492</u>	<u>\$ 858,808</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2014

Total fund balance, governmental funds \$ 759,320

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

Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	\$ 8,819,517	
Less accumulated depreciation	<u>(7,127,210)</u>	1,692,307

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Capital leases	\$ (118,217)	
Compensated absences	<u>(28,993)</u>	<u>(147,210)</u>

Net Position of Governmental Activities in the Statement of Net Position		<u><u>\$ 2,304,417</u></u>
---	--	-----------------------------------

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 337,839	\$ -	\$ 337,839
Sales and miscellaneous taxes	870,837	224,981	1,095,818
Fees and fines	34,198	-	34,198
Licenses and permits	55,991	-	55,991
Intergovernmental	217,747	16,721	234,468
Charges for services	31,476	-	31,476
Investment earnings	4,923	456	5,379
Miscellaneous	5,993	-	5,993
Total revenues	<u>1,559,004</u>	<u>242,158</u>	<u>1,801,162</u>
EXPENDITURES			
Current:			
General government	372,330	233,254	605,584
Public safety	521,120	-	521,120
Public works	270,000	-	270,000
Culture and recreation	198,298	-	198,298
Debt service payments	44,833	-	44,833
Capital outlay	151,583	-	151,583
Total expenditures	<u>1,558,164</u>	<u>233,254</u>	<u>1,791,418</u>
Excess (deficiency) of revenues over expenditures	<u>840</u>	<u>8,904</u>	<u>9,744</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	30,600	-	30,600
Sale of assets	3,068	-	3,068
Transfers In (out)	63,878	(63,878)	-
Total other financing sources (uses)	<u>97,546</u>	<u>(63,878)</u>	<u>33,668</u>
Net change to fund balance	98,386	(54,974)	43,412
Fund balance, January 1	596,442	251,466	847,908
Residual transfer	(132,000)	-	(132,000)
Fund balance, December 31	<u>\$ 562,828</u>	<u>\$ 196,492</u>	<u>\$ 759,320</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
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, 2014

Net change in fund balances - total governmental funds \$ 43,412

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 depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Fixed assets current additions	\$ 124,949	
Depreciation expense	(146,705)	
Excess of capital outlay over depreciation		(21,756)

Some expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.		(7,139)
---	--	---------

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.		39,497
---	--	--------

Loan Proceeds		(30,600)
---------------	--	----------

Change in net position of governmental funds		\$ 23,414
---	--	------------------

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO

Statement of Net Position

Enterprise Funds

December 31, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Utilities-CI Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ (26,951)	\$ 340,167	\$ 166,408
Receivables:			
Accounts	-	15,971	-
Other	36,501	-	-
Inventories	23,895	5,726	-
Total current assets	<u>33,445</u>	<u>361,864</u>	<u>166,408</u>
Restricted cash	<u>132,000</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land and improvements	149,131	-	-
Utility system	5,112,552	2,137,950	-
Geothermal wells	-	-	-
Swimming pool	-	-	-
Pool filtration system	-	-	-
Box Cañon	-	-	-
Parks and other assets	-	-	-
Buildings	87,201	43,597	-
Equipment and furniture	293,774	371,205	-
Less accumulated depreciation	<u>(1,805,455)</u>	<u>(1,818,282)</u>	<u>-</u>
Total capital assets	<u>3,837,203</u>	<u>734,470</u>	<u>-</u>
Total Assets	<u>\$ 4,002,648</u>	<u>\$ 1,096,334</u>	<u>\$ 166,408</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 24,389	\$ 8,932	\$ -
Accrued payroll	15,401	15,127	-
Customer deposits	300	-	-
Accrued interest payable	5,227	-	-
Deferred revenues	38,719	5,000	30,000
Current portion of long term debt	63,577	4,349	-
Total current liabilities	<u>147,613</u>	<u>33,408</u>	<u>30,000</u>
Noncurrent liabilities			
Loans and leases payable	<u>317,937</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	3,455,689	730,121	-
Restricted for O&M expenses	80,000	-	-
Unrestricted	1,409	332,805	136,408
Total net position	<u>\$ 3,537,098</u>	<u>\$ 1,062,926</u>	<u>\$ 136,408</u>

<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ 44,326	\$ 188,837	\$ 712,787
1,513	2,783	20,267
-	-	36,501
-	304	29,925
<u>45,839</u>	<u>191,924</u>	<u>799,480</u>
-	-	132,000
-	-	149,131
-	-	7,250,502
-	135,328	135,328
-	1,625,946	1,625,946
-	906,515	906,515
-	375,358	375,358
-	1,091,895	1,091,895
-	-	130,798
-	-	664,979
-	(2,763,169)	(6,386,906)
-	<u>1,371,873</u>	<u>5,943,546</u>
<u>\$ 45,839</u>	<u>\$ 1,563,797</u>	<u>\$ 6,875,026</u>
\$ 11,811	\$ 30,495	\$ 75,627
-	42,564	73,092
-	1,495	1,795
-	-	5,227
-	-	73,719
-	-	67,926
<u>11,811</u>	<u>74,554</u>	<u>297,386</u>
-	-	317,937
-	1,371,873	5,557,683
-	-	80,000
34,028	117,370	622,020
<u>\$ 34,028</u>	<u>\$ 1,489,243</u>	<u>\$ 6,259,703</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended December 31, 2014

	Water Fund	Sewer Fund	Utilities-CI Fund
Operating Revenues			
Charges for services	\$ 383,612	\$ 385,316	\$ -
Miscellaneous	7,439	1	-
Total operating revenues	<u>391,051</u>	<u>385,317</u>	<u>-</u>
Operating Expenses			
Personal services	226,437	220,588	-
Contractual services	18,355	4,789	-
Utilities	4,363	32,888	-
Repairs and maintenance	22,006	14,370	-
Other supplies and expenses	44,476	36,505	-
Insurance claims and expenses	3,476	2,256	-
Depreciation	157,036	58,306	-
Total operating expenses	<u>476,149</u>	<u>369,702</u>	<u>-</u>
Operating income (loss)	<u>(85,098)</u>	<u>15,615</u>	<u>-</u>
Nonoperating revenues (expenses)			
Interest income	-	903	470
Royalties, leases and rents	-	-	-
Operating grants and contributions	34,474	-	-
Interest expense	(17,733)	(933)	-
Total nonoperating revenues (expenses)	<u>16,741</u>	<u>(30)</u>	<u>470</u>
Income (loss) before transfers and and Capital Contributions	(68,357)	15,585	470
Transfers in (out)	92,320	-	(92,320)
Capital contributions-Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	23,963	15,585	(91,850)
Total net position, January 1	3,381,135	1,047,341	228,258
Residual transfer	132,000	-	-
Total net position, December 31	<u>\$ 3,537,098</u>	<u>\$ 1,062,926</u>	<u>\$ 136,408</u>

<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ 147,165	\$ 1,451,713	\$ 2,367,806
-	21,696	29,136
<u>147,165</u>	<u>1,473,409</u>	<u>2,396,942</u>
-	790,871	1,237,896
146,624	5,947	175,715
-	48,005	85,256
-	46,435	82,811
-	156,089	237,070
-	7,132	12,864
-	151,723	367,065
<u>146,624</u>	<u>1,206,202</u>	<u>2,198,677</u>
<u>541</u>	<u>267,207</u>	<u>198,265</u>
-	-	1,373
-	-	-
-	-	34,474
-	-	(18,666)
-	-	<u>17,181</u>
541	267,207	215,446
-	-	-
-	-	-
541	267,207	215,446
33,487	1,222,036	5,912,257
-	-	132,000
<u>\$ 34,028</u>	<u>\$ 1,489,243</u>	<u>\$ 6,259,703</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2014

	Water Fund	Sewer Fund
Cash Flows From Operating Activities		
Cash received from charges for services	\$ 394,671	\$ 368,721
Cash payments for goods and services	(90,925)	(100,226)
Cash payments to employees for services	(223,723)	(218,102)
Net cash provided (used) by operating activities	80,023	50,393
Cash Flows from Noncapital Financing Activities		
Grants and contributions	34,474	-
Residual transfer	132,000	-
Transfers from (to) other funds	92,320	-
Net cash provided (used) by noncapital financing activities	258,794	-
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(118,544)	(158,091)
Principal paid on loans and leases	(65,817)	(8,890)
Proceeds from Loans	-	-
Interest expense	(17,733)	(933)
Net cash provided (used) by capital and related financing activities	(202,094)	(167,914)
Cash Flows from Investing Activities		
Interest on investments	-	903
Net increase (decrease) in cash and equivalents	136,723	(116,618)
Cash balances, January 1	(31,674)	456,785
Cash balances, December 31	\$ 105,049	\$ 340,167
Reconciling of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (85,098)	\$ 15,615
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	157,036	58,306
Assets (increase) decrease:		
Accounts receivable	(30,099)	(15,091)
Inventories	(926)	523
Liabilities increase (decrease):		
Accounts payable	2,677	(9,941)
Deferred revenue	33,719	(1,505)
Customer deposits	-	-
Accrued payroll	2,714	2,486
Total adjustments	165,121	34,778
Net cash provided (used) by operating activities	\$ 80,023	\$ 50,393

<u>Utilities-CI Fund</u>	<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ -	\$ 143,621	\$ 1,470,939	\$ 2,377,952
-	(146,624)	(268,800)	(606,575)
-	-	(786,323)	(1,228,148)
<u>-</u>	<u>(3,003)</u>	<u>415,816</u>	<u>543,229</u>
-	-	-	34,474
-	-	-	132,000
<u>(92,320)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(92,320)</u>	<u>-</u>	<u>-</u>	<u>166,474</u>
-	-	(107,314)	(383,949)
-	-	-	(74,707)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,666)</u>
<u>-</u>	<u>-</u>	<u>(107,314)</u>	<u>(477,322)</u>
470	-	-	1,373
(91,850)	(3,003)	308,502	233,754
258,258	47,329	(119,665)	611,033
<u>\$ 166,408</u>	<u>\$ 44,326</u>	<u>\$ 188,837</u>	<u>\$ 844,787</u>
\$ -	\$ 541	\$ 267,207	\$ 198,265
-	-	151,723	367,065
-	(3,463)	(2,470)	(51,123)
-	-	-	(403)
-	-	(6,169)	(13,433)
-	(81)	-	32,133
-	-	977	977
-	-	4,548	9,748
<u>-</u>	<u>(3,544)</u>	<u>148,609</u>	<u>344,964</u>
<u>\$ -</u>	<u>\$ (3,003)</u>	<u>\$ 415,816</u>	<u>\$ 543,229</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	<u>Pension Fund</u>
Assets	
Pension Plan Investments	<u>\$ 468,180</u>
Net Position	
Reserved for volunteer firemen system	<u>\$ 468,180</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

	Pension Fund
Additions	
Investment earnings (losses):	
Interest, dividends and etc.	\$ 31,587
Total net investment earnings (losses)	\$ 31,587
Other Additions:	
Contributions	18,000
State funding	16,200
Total other additions	34,200
Total additions (reductions)	\$ 65,787
 Deductions	
Benefits	20,430
Fees and etc.	3,724
Total deductions	24,154
Change in net position	\$ 41,633
Net position - beginning	426,547
Net position - ending	\$ 468,180

The accompanying notes are an integral part of this statement.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Ouray, Colorado (the City) 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.

A. Financial Reporting Entity

The City, adopted a home rule charter on May 5, 2009, with a council – administrator form of government with five elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Ouray (the primary government). The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

Related Organizations

- The City and the Ouray Volunteer Fire Department provided fire protection to the citizens of Ouray. The volunteer fire department has a special fund that receives donations and fund raising monies, which are also used to cover fire protection services. This fund is not included in these financial statements of the City of Ouray.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. These statements include the financial activities of the overall government, except fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the City. 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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

C. Fund Financial Statements

The accounts of the City 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 City reports the following major governmental funds:

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

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- Beautification Fund, which accounts for lodging tax collections to be used for City beautification projects.
- Tourism Promotion Fund, which accounts for lodging tax collections for the promotion of tourism.

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

C. Fund Financial Statements - (continued)

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the City are charges for water, sewer, refuse, pool, park and other fees. Operating expenses for the enterprise funds include personnel services, contract services, utilities, repairs and maintenance, supplies, insurance and depreciation cost. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

- Water, Sewer and Refuse Funds, which account for all operations of the City's water, sewer and refuse services. They are primarily financed by user charges.
- Utility Capital Improvement Fund, which accounts for the investment fees of water and sewer taps to be used for water and sewer capital expenditures.
- Park Fund, which accounts for all operations of the City's Hot Springs Pool and Box Cañon Park. They are primarily financed by user charges at the Hot Springs Pool and Box Cañon Park.

Fiduciary Funds

- The Ouray Volunteer Fire Department Pension Fund is used to account for assets held by the City in a trustee capacity for active and retired volunteer firemen pension purposes. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

D. Measurement Focus and Basis of Accounting - (continued)

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.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

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 six 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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

G. 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 deferred inflows of resources 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 fund.

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

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

<u>Asset Class</u>	<u>Useful Life</u>
Improvements	10-20 years
Building and Other Improvements	40-50 years
Water and Sewer Systems	40-50 years
Furniture and Equipment	5-20 years
Swimming Pool	20-50 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 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.

Under GASB 34 the City is not required to retroactively report on infrastructure assets before June 30, 2004. Therefore, infrastructure assets before that date are not shown on the financial statements.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

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.

J. Compensated Absences

It is the City's policy for employees to accumulate earned but unused vacation and sick pay benefits but employees are not entitled to be paid for sick leave upon termination. In the government-wide statements, vacation and unused compensation time is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation and unused compensation time is not expected to be liquidated with expendable available financial resources and therefore are not reported as expenditure.

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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City 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 City does not use an encumbrance system for budgetary control.

N. Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 1 - Summary of Significant Accounting Policies - (continued)

O. Fund Equity

Beginning with fiscal year 2011, the City 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;
- 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 City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City 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 total fund balance, governmental funds and net assets - 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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

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 City’s voters on November 8, 1994, approved a ballot measure to permit the City to collect, retain and expend the full proceeds of the City’s 3% sales tax, existing lodging occupation tax and non federal grants.

The Amendment is complex and subject to judicial interpretation. The City 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 City adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- A.** By mid August of each year, the City Administrator gives public notice of the budget calendar for the next fiscal year. The City Administrator asks that all City departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The City Administrator, with assistance from the City Treasurer, 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 City 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 November.
- 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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 4 - Budgets - (continued)

- E. If during the fiscal year the City Administrator 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 City Administrator that the revenues available will be insufficient to meet the amount appropriated, the City Administrator 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 City Administrator 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. Revisions made to the original budgeted expenditures for each fund are as follows:

	Original Budget	Total Revisions	Final Budget
General	\$ 1,657,050	\$ -	\$ 1,657,050
Water	490,228	39,772	530,000
Sewer	442,915	67,085	510,000
Refuse	150,978	-	150,978
Utility Improvement	105,000	-	105,000
Parks	1,250,965	29,035	1,280,000
Tourism	210,300	9,700	220,000
Beautification	19,600	21,400	41,000
Conservation Trust	-	-	-
Firemen's Pension	24,600	5,400	30,000
Total	<u>\$ 4,351,636</u>	<u>\$ 172,392</u>	<u>\$ 4,524,028</u>

- 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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 5 - Deposits and Investments

A. Deposits

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. The 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, 2014, the bank balance of the City's deposits was \$1,438,127 of which \$254,267 was covered by federal depository insurance and \$1,183,860 was collateralized under PDPA.

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' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The City's investment policy follows Colorado statutes. At December 31, 2014 the City's investments included funds held in COLOTRUST.

The City had invested \$ 189,484 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 5 - Deposits and Investments - (continued)

A. Deposits - (continued)

The City maintains a cash pool that is available to the General Fund, Special Revenue Funds and Enterprise Funds.

Cash and cash equivalents	
Cash on hand	\$ 1,250
Deposits	1,231,616
Certificate of deposits	206,291
Cash with county treasurer	1,652
COLOTRUST	<u>189,484</u>
Total	<u>\$ 1,630,293</u>

Statement of Net Position

Cash and cash equivalents	\$ 1,498,293
Restricted cash	<u>132,000</u>
Total	<u>\$ 1,630,293</u>

B. Restricted cash

Water Fund

Pursuant to loan, the City has set aside funds in the Water Fund for operations and maintenance costs for the Water Fund in the amount of \$132,000.

Note 6 - Long-term Liabilities

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due within one year
Governmental Activities					
Motor Grader	\$ 10,087	\$ -	\$ (10,087)	\$ -	\$ -
Plow-Sander	90,835	-	(16,784)	74,051	17,449
Jeep	8,532	-	(8,532)	-	-
Snow blower	17,660	-	(4,094)	13,566	4,303
Swaploader	-	30,600	-	30,600	7,477
Accrued compensated absences	<u>21,854</u>	<u>7,139</u>	<u>-</u>	<u>28,993</u>	<u>-</u>
Total	<u>\$ 148,968</u>	<u>\$ 37,739</u>	<u>\$ (39,497)</u>	<u>\$ 147,210</u>	<u>\$ 29,229</u>
Enterprise Activities					
Colorado Water Resources	\$ 434,092	\$ -	\$ (56,927)	\$ 377,165	\$ 59,227
Motor Grader	10,088	-	(10,088)	-	-
Chevy 3500 Truck	<u>16,891</u>	<u>-</u>	<u>(8,192)</u>	<u>8,699</u>	<u>8,699</u>
Total	<u>\$ 461,071</u>	<u>\$ -</u>	<u>\$ (75,207)</u>	<u>\$ 385,864</u>	<u>\$ 67,926</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 6 - Long-term Liabilities – (continued)

Drinking Water Revolving Fund

\$ 1,000,000, December 19, 2003, due in two bi-annual payments of \$ 36,863 each on May 1 and November 1 starting on November 1 of 2004 at an interest rate of 4.0%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 59,227	\$ 14,500	73,727
2016	61,619	12,108	73,727
2017	64,109	9,618	73,727
2018	66,699	7,028	73,727
2019	69,394	4,333	73,727
2020	<u>56,117</u>	<u>1,530</u>	<u>57,647</u>
Total	<u>\$ 377,165</u>	<u>\$ 49,117</u>	<u>\$ 426,282</u>

Plow-Sander

\$ 122,510 April 2011, to finance the purchase of a Caterpillar plow-sander, due in seven annual payments beginning June 1, 2012 at \$ 20,381.18 with an interest of 3.90%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 17,449	\$ 2,932	\$ 20,381
2016	18,140	2,241	20,381
2017	18,858	1,523	20,381
2018	<u>19,604</u>	<u>777</u>	<u>20,381</u>
Total	<u>\$ 74,051</u>	<u>\$ 7,473</u>	<u>\$ 81,524</u>

Snow blower

\$ 21,415 April 2012, to finance the purchase of a Caterpillar snow blower, due in five annual payments beginning June 1, 2013 at \$ 4,980.77 with an interest of 5.00%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,303	\$ 678	\$ 4,981
2016	4,516	465	4,981
2017	<u>4,747</u>	<u>234</u>	<u>4,981</u>
Total	<u>\$ 13,566</u>	<u>\$ 1,377</u>	<u>\$ 14,943</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 6 - Long-term Liabilities – (continued)

Chevy K3500 Truck

\$ 16,391 May 2013, to finance the purchase of a 2013 Chevy K3500 Truck, due in two annual payments beginning July 1, 2014 at \$ 9,133.84 with an interest of 5.00%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 8,699	\$ 435	\$ 9,134

Swaploader

\$ 30,600 October 2014, to finance the purchase of a Swaploader, due in four annual payments beginning June 1, 2015 at \$ 8,491.89 with an interest of 5.00%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,477	\$ 1,015	\$ 8,492
2016	7,333	1,159	8,492
2017	7,702	790	8,492
2018	8,088	404	8,492
Total	<u>\$ 30,600</u>	<u>\$ 3,368</u>	<u>\$ 33,968</u>

Note 7 - Pension Plans

All volunteer fire fighters participate in the Defined Benefit Pension Plan administrated by the FPPA for plan administration and investment only. The plan has a plan document, actuarial valuation and is governed by the local pension board.

Any fire fighter, who has reached the age of 50 years and completed 20 years of active service, including 36 hours of training per year, is eligible for \$ 60 per month. In addition, there are survivor benefits of \$30 per month and a one-time only lump sum death benefit of \$ 120.

The City contributed in 2014 \$ 18,000 and the State matching funds were \$16,200.

Benefit amounts paid in 2014 were \$ 20,430. Total assets available for pension benefits were \$ 468,180.

GASB #25 and #27

The amount shown below as “Net Pension Obligation” is a disclosed measure of the difference between the cumulative annual pension costs and employer contributions made to the plan since transition to this reporting standard. The “Annual Required Contribution” is a disclosed measure of the annual pension cost. Both standardized measures are calculated as of January 1, 2013, in accordance with Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB).

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 7 - Pension Plans – (continued)

	GASB Statement No. 25		
	2013	2011	2009
Actuarial Value of Assets	\$ 367,122	\$ 280,268	\$ 207,967
Actuarial Accrued Liability (AAL)	315,363	198,987	193,991
Excess/(shortfall) of Assets over AAL	51,759	81,281	13,976
Funded Ratio	116%	141%	107%

The following exhibit shows a history of the ARC and the actual contributions made to the plan.

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent</u>
December 31, 2011	\$ 39,699	39,699	100%
December 31, 2012	\$ 36,836	36,836	100%
December 31, 2013	\$ 34,200	N/A	
December 31, 2014	\$ 34,200	N/A	
December 31, 2015	\$ 34,200	N/A	

GASB Statement No. 27

	Year Ending				
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
NPO beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on NPO	-	-	-	-	-
Adjustment to ARC	-	-	-	-	-
ARC Contribution	39,699	36,836	34,200	34,200	34,200
NPO end of year	\$ -	\$ -	\$ -	\$ -	\$ -
Annual pension cost	\$ 39,699	\$ 36,836	\$ 34,200	\$ 34,200	\$ 34,200

Based on the greater of the assumed contribution and the calculated contribution. If the actual contributions are different this exhibit will need to be adjusted.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 8 - Risk Management

The City 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.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage. CIRSA is to be self-sustaining through member contributions and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency.

Note 9 - Defined Contribution Plan

All full-time permanent employees of the City must participate in the City's group-retirement plan and may participate in the City's deferred compensation plan, after twelve (12) months of continuous employment. The plans are administered by Colorado County Officials and Employees Retirement Association (CCOERA) plan. The employees' contributions are fully vested and the City's contributions are vested at the rate of 20% per year.

Under the group retirement plan, the City contributes 3% of eligible employees' base salary, matching the amount contributed by the employees. In 2014 the City's total payroll was \$1,567,837. The City's contribution was calculated using a base salary amount of \$879,767. The City and the covered employees made the following contributions, amounting to \$26,393 and \$26,393 respectively for a total of \$52,786.

Note 10 - Contingent Liabilities

Lawsuits and Claims

Various claims and lawsuits are pending against the City. In the opinion of the City's management, after consulting with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 11 - Capital Assets

Capital assets activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Dispositions	Balance December 31, 2014
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 325,094	\$ -	\$ -	\$ 325,094
	<u>325,094</u>	<u>-</u>	<u>-</u>	<u>325,094</u>
Capital assets being depreciated				
Buildings	780,426	-	-	780,426
Improvements other than buildings	38,571	60,774	-	99,345
Infrastructure	5,645,506	13,714	-	5,659,220
Equipment	1,904,971	50,461	-	1,955,432
	<u>8,369,474</u>	<u>124,949</u>	<u>-</u>	<u>8,494,423</u>
Less accumulated depreciation				
Buildings	(612,455)	(7,167)	-	(619,622)
Improvements	(11,116)	(1,924)	-	(13,040)
Infrastructure	(4,856,461)	(79,959)	-	(4,936,420)
Equipment	(1,500,473)	(57,655)	-	(1,558,128)
	<u>(6,980,505)</u>	<u>(146,705)</u>	<u>-</u>	<u>(7,127,210)</u>
Capital assets being depreciated, net	<u>1,388,969</u>	<u>(21,756)</u>	<u>-</u>	<u>1,367,213</u>
Total Governmental Activities Capital Assets	<u>\$ 1,714,063</u>	<u>\$ (21,756)</u>	<u>\$ -</u>	<u>\$ 1,692,307</u>
	Balance January 1, 2014	Additions	Dispositions	Balance December 31, 2014
Business - Type Activities				
Capital assets not being depreciated				
Land	\$ 149,131	\$ -	\$ -	\$ 149,131
Capital assets being depreciated				
Utility system	6,986,575	263,927	-	7,250,502
Geothermal wells	135,328	-	-	135,328
Swimming pool	1,541,105	84,841	-	1,625,946
Pool filtration system	884,042	22,473	-	906,515
Box Cañon	375,358	-	-	375,358
Other Parks assets	1,091,895	-	-	1,091,895
Buildings	130,798	-	-	130,798
Equipment and furniture	652,271	12,708	-	664,979
Less accumulated depreciation	<u>(6,019,843)</u>	<u>(367,063)</u>	<u>-</u>	<u>(6,386,906)</u>
Capital assets being depreciated, net	<u>5,777,529</u>	<u>16,886</u>	<u>-</u>	<u>5,794,415</u>
Total Business-Type Activities Capital Assets	<u>\$5,926,660</u>	<u>\$ 16,886</u>	<u>\$ -</u>	<u>\$ 5,943,546</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2014

Note 11 - Capital Assets – (continued)

Depreciation expense was charged to governmental activities of the City as follows:

General Government	\$ 6,936
Public Safety	18,632
Public Works	118,439
Culture and Recreation	<u>2,698</u>
Total depreciation	<u>\$ 146,705</u>

Note 12 - Interfund transactions

\$132,000 residual transfer was made from the General Fund to the Water Fund in 2014, to meet the requirements of the Water Fund loan covenants.

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2014

Revenues	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes	\$ 339,010	\$ 339,010	\$ 337,839	\$ (1,171)
Sales taxes and other taxes	832,983	832,983	870,837	37,854
Licenses and permits	26,500	26,500	55,991	29,491
Intergovernmental revenues	272,583	272,583	217,747	(54,836)
Fees and fines	21,425	21,425	34,198	12,773
Charges for services	32,385	32,385	31,476	(909)
Miscellaneous revenue	6,750	6,750	5,993	(757)
Interest income	4,100	4,100	4,923	823
Total revenues	<u>1,535,736</u>	<u>1,535,736</u>	<u>1,559,004</u>	<u>23,268</u>
Expenditures				
General government	387,086	387,086	372,330	14,756
Capital outlay	28,000	28,000	12,874	15,126
Public safety	494,606	494,606	521,120	(26,514)
Capital outlay	10,000	10,000	14,189	(4,189)
Public works	273,718	273,718	270,000	3,718
Capital outlay	181,170	181,170	29,953	151,217
Culture and recreation	207,593	207,593	198,298	9,295
Capital outlay	30,000	30,000	63,967	(33,967)
Debt service payments	44,877	44,877	44,833	44
Total Expenditures	<u>1,657,050</u>	<u>1,657,050</u>	<u>1,527,564</u>	<u>129,486</u>
Excess of Revenues over (under) Expenditures	(121,314)	(121,314)	31,440	152,754
Other financing sources (uses)				
Sale of assets	-	-	3,068	3,068
Transfers in	44,000	44,000	63,878	19,878
Total other financing sources (uses)	<u>44,000</u>	<u>44,000</u>	<u>66,946</u>	<u>22,946</u>
Excess of Revenues and sources over or (under) Expenditures and uses	(77,314)	(77,314)	98,386	175,700
Fund balance, January 1	538,679	538,679	596,442	57,763
Residual transfer	-	-	(132,000)	(132,000)
Fund balance, December 31	<u>\$ 461,365</u>	<u>\$ 461,365</u>	<u>\$ 562,828</u>	<u>\$ 101,463</u>

CITY OF OURAY, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Conservation Trust Fund	Tourism Promotion Fund	Beautification Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 89,243	\$ 9,922	\$ 97,327	\$ 196,492
Total assets	\$ 89,243	\$ 9,922	\$ 97,327	\$ 196,492
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances:				
Unreserved:	89,243	9,922	97,327	196,492
Total fund balances	89,243	9,922	97,327	196,492
Total liabilities and fund balances	\$ 89,243	\$ 9,922	\$ 97,327	\$ 196,492

CITY OF OURAY, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2014

	Conservation Trust Fund	Tourism Promotion Fund	Beautification Fund	Total Nonmajor Governmental Funds
REVENUES				
Lodging taxes	\$ -	\$ 197,908	\$ 27,073	\$ 224,981
Intergovernmental	9,603	-	7,118	16,721
Interest earnings	191	-	265	456
Total revenues	<u>9,794</u>	<u>197,908</u>	<u>34,456</u>	<u>242,158</u>
EXPENDITURES				
Current:				
General government	-	219,941	13,313	233,254
Total expenditures	<u>-</u>	<u>219,941</u>	<u>13,313</u>	<u>233,254</u>
Excess revenues over (under) expenditures	9,794	(22,033)	21,143	8,904
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(63,878)	(63,878)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(63,878)</u>	<u>(63,878)</u>
Net change to fund balance	9,794	(22,033)	(42,735)	(54,974)
Fund balance, January 1	79,449	31,955	140,062	251,466
Fund balance, December 31	<u>\$ 89,243</u>	<u>\$ 9,922</u>	<u>\$ 97,327</u>	<u>\$ 196,492</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Conservation Trust Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State entitlement	\$ 7,000	\$ 7,000	\$ 9,603	\$ 2,603
Interest Income	100	100	191	91
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>9,794</u>	<u>2,694</u>
Expenditures				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	7,100	7,100	9,794	2,694
Fund balance, January 1	<u>75,692</u>	<u>75,692</u>	<u>79,449</u>	<u>3,757</u>
Fund balance, December 31	<u><u>\$ 82,792</u></u>	<u><u>\$ 82,792</u></u>	<u><u>\$ 89,243</u></u>	<u><u>\$ 6,451</u></u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Tourism Promotion Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
	\$	\$	\$	(Unfavorable)
Taxes	187,890	187,890	197,908	\$ 10,018
Total revenues	<u>187,890</u>	<u>187,890</u>	<u>197,908</u>	<u>10,018</u>
Expenditures				
General government	210,300	210,300	219,941	(9,641)
Supplement	-	9,700	-	9,700
Total expenditures	<u>210,300</u>	<u>220,000</u>	<u>219,941</u>	<u>59</u>
Excess of revenues over (under) expenditures	(22,410)	(32,110)	(22,033)	10,077
Fund balance, January 1	<u>27,969</u>	<u>27,969</u>	<u>31,955</u>	<u>3,986</u>
Fund balance, December 31	<u>\$ 5,559</u>	<u>\$ (4,141)</u>	<u>\$ 9,922</u>	<u>\$ 14,063</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Beautification Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
				(Unfavorable)
Lodging taxes	\$ 25,704	\$ 25,704	\$ 27,073	\$ 1,369
Interest income	180	180	265	85
Grants and donations	4,600	4,600	7,118	2,518
Total revenues	<u>30,484</u>	<u>30,484</u>	<u>34,456</u>	<u>3,972</u>
Expenditures				
General government	19,600	19,600	13,313	6,287
Supplement	-	21,400	-	21,400
Total expenditures	<u>19,600</u>	<u>41,000</u>	<u>13,313</u>	<u>27,687</u>
Excess of Revenues over				
(under) Expenditures	10,884	(10,516)	21,143	31,659
OTHER FINANCING SOURCES (USES)				
Transfer out	(44,000)	(44,000)	(63,878)	(19,878)
Total other financing sources (uses)	<u>(44,000)</u>	<u>(44,000)</u>	<u>(63,878)</u>	<u>(19,878)</u>
Net change to fund balance	(33,116)	(54,516)	(42,735)	11,781
Fund balance, January 1	<u>142,220</u>	<u>142,220</u>	<u>140,062</u>	<u>(2,158)</u>
Fund balance, December 31	<u>\$ 109,104</u>	<u>\$ 87,704</u>	<u>\$ 97,327</u>	<u>\$ 9,623</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Water Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
				(Unfavorable)
Water services	\$ 388,653	\$ 388,653	\$ 383,612	\$ (5,041)
Investment fees	2,500	2,500	-	(2,500)
Miscellaneous	3,750	3,750	7,439	3,689
Interest revenue	500	500	-	(500)
Grants	30,000	30,000	34,474	4,474
Total revenues	<u>425,403</u>	<u>425,403</u>	<u>425,525</u>	<u>122</u>
Expenditures				
Salaries and wages	173,046	173,046	167,750	5,296
Taxes and benefits	61,637	61,637	58,687	2,950
Overhead	37,959	37,959	9,169	28,790
Operating maintenance	58,014	58,014	83,507	(25,493)
Capital expenditures	76,000	76,000	118,545	(42,545)
Debt service	83,572	83,572	83,550	22
Supplement	-	39,772	-	39,772
Total expenditures	<u>490,228</u>	<u>530,000</u>	<u>521,208</u>	<u>8,792</u>
Excess of Revenues over				
(under) Expenditures	(64,825)	(104,597)	(95,683)	8,914
Other Financing Sources (Uses)				
Transfers in	55,300	55,300	92,320	37,020
Available resources, January 1	(16,612)	(16,612)	(47,228)	(30,616)
Residual transfer	-	-	132,000	132,000
Available resources, December 31	<u>\$ (26,137)</u>	<u>\$ (65,909)</u>	<u>\$ 81,409</u>	<u>\$ 147,318</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Sewer Fund
For the Year Ended December 31, 2014

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Sewer services	\$ 384,011	\$ 384,011	\$ 385,316	\$ 1,305
Investment fees	2,500	2,500	-	(2,500)
Miscellaneous	1,000	1,000	904	(96)
Total revenues	387,511	387,511	386,220	(1,291)
Expenditures				
Salaries and wages	171,490	171,490	164,030	7,460
Taxes and benefits	60,064	60,064	56,558	3,506
Overhead	48,702	48,702	36,591	12,111
Operating maintenance	53,814	53,814	54,217	(403)
Capital expenditures	99,000	99,000	158,091	(59,091)
Debt service	9,845	9,845	9,823	22
Supplement	-	67,085	-	67,085
Total expenditures	442,915	510,000	479,310	30,690
Excess of Revenues over (under) Expenditures	(55,404)	(122,489)	(93,090)	29,399
Other Financing Sources (Uses)				
Transfers in	50,300	50,300	-	(50,300)
Available resources, January 1	439,640	439,640	425,895	(13,745)
Available resources, December 31	\$ 434,536	\$ 367,451	\$ 332,805	\$ (34,646)

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Utilities-Capital Improvement Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Water Fund				
Investment fees	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Interest Income	350	350	470	120
Sewer Fund				
Tap Fees	7,500	7,500	-	(7,500)
Total revenues	<u>15,350</u>	<u>15,350</u>	<u>470</u>	<u>(14,880)</u>
Expenditures				
Capital expenditures/Transfers	105,000	105,000	92,320	12,680
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>92,320</u>	<u>12,680</u>
Excess of Revenues over (under) Expenditures	(89,650)	(89,650)	(91,850)	(2,200)
Available resources, January 1	<u>263,918</u>	<u>263,918</u>	<u>228,258</u>	<u>(35,660)</u>
Available resources, December 31	<u>\$ 174,268</u>	<u>\$ 174,268</u>	<u>\$ 136,408</u>	<u>\$ (37,860)</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Refuse Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				Favorable
				(Unfavorable)
Refuse collection service	\$ 130,064	\$ 130,064	\$ 126,085	\$ (3,979)
Recycling	21,167	21,167	21,080	(87)
Total revenues	<u>151,231</u>	<u>151,231</u>	<u>147,165</u>	<u>(4,066)</u>
Expenditures				
Contract hauling	150,978	150,978	146,624	4,354
Total expenditures	<u>150,978</u>	<u>150,978</u>	<u>146,624</u>	<u>4,354</u>
Excess of revenues over				
(under) expenditures	253	253	541	288
Available funds, January 1	<u>34,171</u>	<u>34,171</u>	<u>33,487</u>	<u>(684)</u>
Available funds, December 31	<u>\$ 34,424</u>	<u>\$ 34,424</u>	<u>\$ 34,028</u>	<u>\$ (396)</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Parks Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
				(Unfavorable)
Swimming pool	\$ 1,279,772	\$ 1,279,772	\$ 1,257,173	\$ (22,599)
Box Cañon	172,500	172,500	168,002	(4,498)
Miscellaneous	21,500	21,500	21,396	(104)
Other fees	400	400	300	(100)
Ice rink	400	400	799	399
Gym	23,566	23,566	25,739	2,173
Total revenues	1,498,138	1,498,138	1,473,409	(24,729)
Expenditures				
Salaries and wages	608,894	608,894	614,665	(5,771)
Taxes and benefits	175,570	175,570	176,206	(636)
Overhead	114,968	114,968	98,468	16,500
Operating maintenance	161,662	161,662	156,257	5,405
Capital expenditures	100,650	100,650	116,198	(15,548)
Debt Service	89,221	89,221	-	89,221
Supplement	-	29,035	-	29,035
Total expenditures	1,250,965	1,280,000	1,161,794	118,206
Excess of Revenues over				
(under) expenditures	247,173	218,138	311,615	93,477
Available resources, January 1	(188,927)	(188,927)	(194,245)	(5,318)
Available resources, December 31	\$ 58,246	\$ 29,211	\$ 117,370	\$ 88,159

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Pension Trust Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				Favorable
Contributions	\$ 34,200	\$ 34,200	\$ 34,200	\$ -
Investment Income	25,000	25,000	31,587	6,587
Total revenues	<u>59,200</u>	<u>59,200</u>	<u>65,787</u>	<u>6,587</u>
Expenditures				
Benefits	21,600	21,600	20,430	1,170
Fees	3,000	3,000	3,724	(724)
Supplement	-	5,400	-	5,400
Total expenditures	<u>24,600</u>	<u>30,000</u>	<u>24,154</u>	<u>5,846</u>
Excess of Revenues over (under) Expenditures	34,600	29,200	41,633	12,433
Fund balance, January 1	<u>395,005</u>	<u>395,005</u>	<u>426,547</u>	<u>31,542</u>
Fund balance, December 31	<u>\$ 429,605</u>	<u>\$ 424,205</u>	<u>\$ 468,180</u>	<u>\$ 43,975</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Ouray
	YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Debra Overton, City Clerk/Treasurer Phone: 970-325-7066

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	229,352
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,891
2. General fund appropriations		b. Snow and ice removal	48,497
3. Other local imposts (from page 2)	424,164	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	60,388
5. Transfers from toll facilities		4. General administration & miscellaneous	1,561
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	177,104
a. Bonds - Original Issues		6. Total (1 through 5)	468,405
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	424,164	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	44,241	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	468,405	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	468,405

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		468,405	468,405		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

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	373,175	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	50,989	g. Other Misc. Receipts	
6. Total (1. through 5.)	50,989	h. Other	
c. Total (a. + b.)	424,164	i. Total (a. through h.)	0
	(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	39,176	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	5,065	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	5,065	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	44,241	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			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: