
City of Ouray
Financial Statements and
Independent Auditor's Report
as of
December 31, 2015

City of Ouray
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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, 2015, 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, 2015, 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, budgetary comparison information and Schedule of Activity-Net Position on pages 3–11, 38 and 39 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, 2016

CITY OF OURAY
Management's Discussion and Analysis
Year Ended December 31, 2015

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, 2015

Change in Net Position:

Total Assets		\$11,207,469
Total Liabilities and Deferred Resources		<u>1,757,448</u>
Net Position	12/31/15	\$9,450,021
	12/31/14	<u>8,564,120</u>
Increase (Decrease)		<u>\$ 885,901</u>

Governmental Fund Balances:

			Increase
	<u>1/1/15</u>	<u>12/31/15</u>	<u>(Decrease)</u>
General Fund	\$562,828	\$629,147	\$ 66,319
Non-major Funds	<u>196,492</u>	<u>230,864</u>	<u>34,372</u>
Total Funds	<u>\$759,320</u>	<u>\$860,011</u>	<u>\$ 100,691</u>

Capital Assets, net of accumulated depreciation:

			Increase
	<u>1/1/15</u>	<u>12/31/15</u>	<u>(Decrease)</u>
Governmental Activities	\$1,692,307	\$1,983,843	\$ 291,536
Business-type Activities	<u>5,943,546</u>	<u>6,053,629</u>	<u>110,083</u>
Total Capital Assets	<u>\$7,635,853</u>	<u>\$8,037,472</u>	<u>\$ 401,619</u>

Cash and Cash Equivalents:

	<u>12/31/15</u>
Governmental Activities	\$ 927,563
Business-type Activities	<u>1,104,996</u>
Total Cash and Cash Equivalents	<u>\$2,032,559</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.

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, 2015, the City’s combined assets exceeded liabilities by \$9,450,021. Of this amount, \$1,982,612 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 \$7,304,486 (77% 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 2015:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014	2015	2014	2015	2014	2015
ASSETS						
Cash and cash equivalents	\$ 785,506	\$ 927,563	\$ 712,787	\$1,104,996	\$1,498,293	\$2,032,559
Restricted cash	-	-	132,000	132,000	132,000	132,000
Property taxes receivable	488,517	509,616	-	-	488,517	509,616
Accounts receivables	31,938	14,613	20,267	163,437	52,205	178,050
Other receivables	-	-	36,501	32,000	36,501	32,000
Due from other governments	31,369	37,367	-	-	31,369	37,367
Prepaid and deposits	1,695	671	-	-	1,695	671
Inventories	8,300	7,407	29,925	23,311	38,225	30,718
Net pension assets	-	180,992	-	-	-	180,992
Capital assets, net	1,692,307	1,983,843	5,943,546	6,053,629	7,635,853	8,037,472
Total assets	3,039,632	3,662,072	6,875,026	7,509,373	9,914,658	11,171,445

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Deferred outflows						
Pension contributions made after measurement date	-	33,190	-	-	-	33,190
Pension net difference between projected & actual investment earnings	-	2,834	-	-	-	2,834
Total Deferred outflows	-	36,024	-	-	-	36,024
LIABILITIES						
Accounts payable	\$ 29,593	\$ 49,822	\$ 75,627	\$ 69,590	\$ 105,220	\$ 119,412
Accrued wages	22,258	26,607	73,092	85,768	95,350	115,375
Accrued interest payable	-	-	5,227	5,227	5,227	5,227
Performance bonds and deposits	-	-	1,795	2,254	1,795	2,254
Deferred revenue	47,637	48,181	73,719	158,153	121,356	206,334
Accrued other expenses	-	-	-	-	-	-
Current portion of debt						
Loans and notes payable	-	-	59,227	61,619	59,227	61,619
Capital leases	29,229	69,078	8,699	-	37,928	69,078
Compensated absences	28,993	41,042	-	-	28,993	41,042
Long-term liabilities						
Due more than one year:						
Loans and notes payable	-	-	317,937	256,319	317,937	256,319
Capital leases	88,988	345,970	-	-	88,988	345,970
Total liabilities	246,698	583,700	615,323	638,930	862,021	1,222,630
Deferred inflow of resources						
Deferred property tax revenue	488,517	509,616	-	-	488,517	509,616
Pension difference between expected & actual experience	-	25,202	-	-	-	25,202
Total Deferred inflow	-	534,818				534,818
NET POSITION						
Invested in capital assets	1,574,090	1,568,795	5,557,683	5,735,691	7,131,773	7,304,486
Reserves	-	-	80,000	86,657	80,000	86,657
Restricted for:						
Emergencies	64,613	76,266	-	-	64,613	76,266
Unrestricted	665,714	934,517	622,020	1,048,095	1,287,734	1,982,612
Total net position	\$2,304,417	\$2,579,578	\$ 6,259,703	\$ 6,870,443	\$ 8,564,120	\$ 9,450,021

A portion of net position, \$76,266, represents resources that are subject to constitutional restrictions on how they may be used. Reserves of \$86,657 are required by one debt agreement. Unrestricted net position of \$1,982,612 (21% of net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

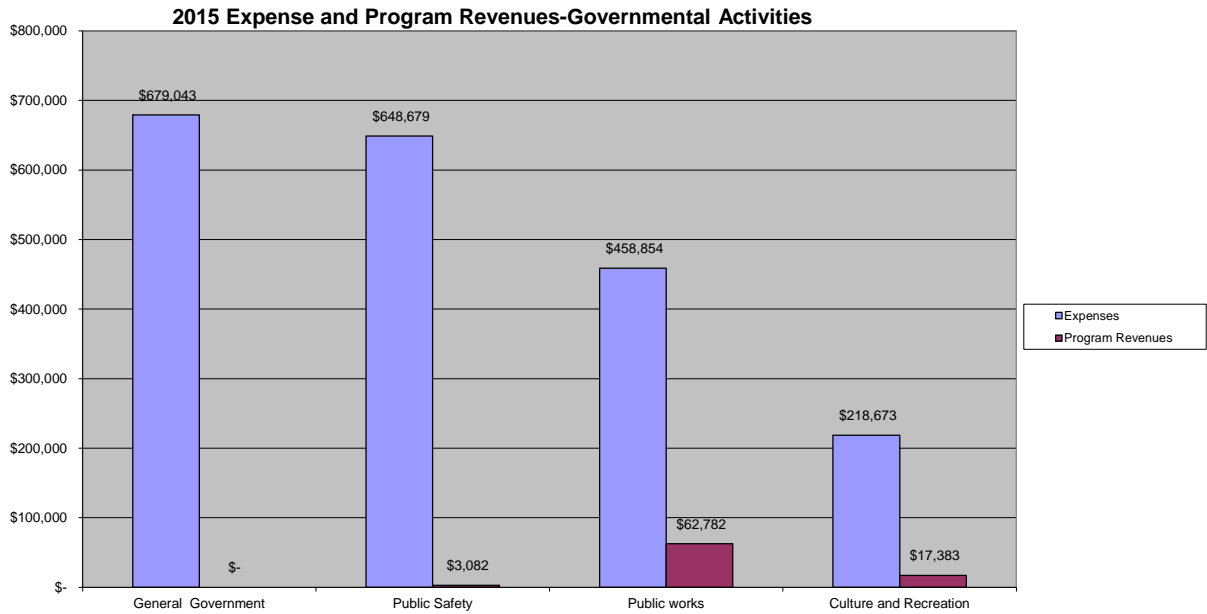
Governmental and business-type activities increased the City's net position by \$885,901 in 2015.

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

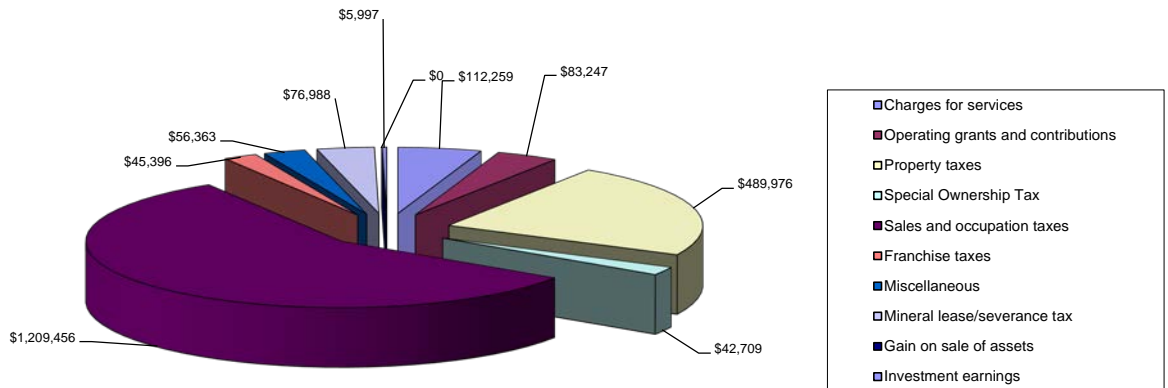
	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues						
Program revenues						
Charges for services	\$144,667	\$112,259	\$2,367,806	\$2,784,436	\$2,512,473	\$2,896,695
Operating grants	100,683	83,247	-	-	100,683	83,247
Capital grants	-	-	-	35,500	-	35,500
General Revenues						
Property taxes	337,839	489,976	-	-	337,839	489,976
Specific ownership	28,167	42,709	-	-	28,167	42,709
Sales taxes and other	1,067,651	1,209,456	-	-	1,067,651	1,209,456
Franchise taxes	44,338	45,396	-	-	44,338	45,396
Miscellaneous	5,993	56,363	29,136	5,181	35,129	61,544
Mineral lease/severance tax	66,444	76,988	-	-	66,444	76,988
Grants and contributions	-	-	34,474	32,000	34,474	32,000
Gain on sale of assets	3,068	-	-	-	3,068	-
Investment earnings	5,380	5,997	1,373	1,337	6,753	7,334
Totals	1,804,230	2,122,391	2,432,789	2,858,454	4,237,019	4,980,845
Expenses						
General Government	623,795	679,043	-	-	623,795	679,043
Public Safety	554,368	648,679	-	-	554,368	648,679
Public works	398,464	458,854	2,217,343	2,247,714	2,615,807	2,706,568
Culture and Recreation	204,189	218,673	-	-	204,189	218,673
Total Expenses	1,780,816	2,005,249	2,217,343	2,247,714	3,998,159	4,252,963
Changes in net position	23,414	117,142	215,446	610,740	238,860	727,882
Special Items	-	-	-	-	-	-
Beginning	2,413,003	2,462,436	5,912,257	6,259,703	8,325,260	8,722,139
Residual transfer	(132,000)	-	132,000	-	-	-
Ending	\$2,304,417	\$2,579,578	\$6,259,703	\$6,870,443	\$8,564,120	\$9,450,021

Governmental Activities

Governmental activities increased the City's net position by \$275,161.



Revenues by Source-Governmental Activities



In 2015, property tax revenues increased by 45%, and sales/occupation tax revenues increased by 13%, compared to the prior year.

Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$610,740. Charges for services accounted for 97% of total revenues, this is consistent with 97% for the prior year.

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 2015, the City's governmental funds reported combined ending fund balances of \$860,011, an increase of \$100,691 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 4% of this total amount, \$32,228, constitutes unassigned fund balance, which is available for appropriation at the City's discretion; committed fund balance is 75%, or \$644,981, of governmental fund balances. There is \$99,129 of fund balance that is statutorily restricted to capital spending for parks and recreation. Non-spendable fund balance of \$7,407 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 \$76,266.

The City has one major governmental fund, the General Fund, which is the primary operating fund for the City. At the end of 2015, unassigned fund balance of the General Fund was \$32,228, while the total fund balance was \$629,147. 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 increased by \$66,319 during 2015.

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 2015, these funds represented the following net position amounts:

Fund:	Water	Sewer	Refuse/Reycl.	Utilities – CI	Parks & Rec.
Unrestricted net position	(30,021)	383,261	30,904	163,399	500,552
Total net position	3,524,856	1,081,637	30,904	163,399	2,069,647
Increase (decrease) in net position	(12,242)	18,711	(3,124)	26,991	580,404

GENERAL FUND BUDGETARY HIGHLIGHTS

The City originally budgeted \$1,894,477 for 2015 expenditures. Actual expenditures were \$1,769,084, or 7% 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, 2015, was \$8,037,472, an increase of \$401,619 from the prior year, representing \$889,998 of acquisitions offset by \$488,382 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, 2015, the City had long-term debt as follows:

	Balance January 1, 2015			Balance December 31, 2015		Due within one year
		Additions	Reductions			
Governmental Activities						
Plow-sander	\$ 74,051	\$ -	\$ (17,449)	\$ 56,602	\$ 18,140	
Snow blower	13,566	-	(4,303)	9,263	4,516	
Swap loader	30,600	-	(7,477)	23,123	7,333	
Chevy Tahoe 2015	-	26,060	-	26,060	12,798	
Fire truck	-	300,000	-	300,000	26,291	
Accrued compensated absences	28,993	12,049	-	41,042	-	
Total	\$ 147,210	\$ 338,109	\$ (29,229)	\$ 456,090	\$ 69,078	
Enterprise Activities						
Colorado Water Resources	\$ 377,165	\$ -	\$ (59,227)	\$ 317,938	\$ 61,619	
Chevy 3500 Truck	8,699	-	(8,699)	-	-	
Total	\$ 385,864	-	\$ (67,926)	\$ 317,938	\$ 61,619	

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 2015 these expenditures averaged \$164,000 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 increased by 88%, or \$260,605, as a result of the ‘de-Brucing’ of property tax noted above. Assessed values for 2016 are comparable with 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Sales tax revenues account for 50% of the 2016 budgeted General Fund revenue, excluding grants, and are an important source for providing funds for the general operations and maintenance of the City. For 2016, Sales tax revenues were budgeted to increase by 6% compared to 2015, due to increased regional tourism and slightly improved overall economic conditions. In November 2015 voters approved a 1% Sales tax increase to pay for Capital projects, noting that the renovation of the Hot Springs Pool and Bathhouse being the major project to be funded. 2016 Sales tax revenues for January through March increased by 46%. The additional revenue was not included in the 2016 Budget since the election outcome was not yet determined during the 2016 Budget work session.
- For 2016, the City increased its Water rate by \$1.41 and increased its Sewer rate by \$3.43 for a single-family residence, this was an annual increase of \$58.08.
- In 2015, capital projects included development of the Hot Springs Pool Master Plan, engineering designs for the Hot Springs Pool, replacement of a section of the Box Cañon geothermal line, upgrading Information Technology, and continuing water augmentation. For 2016, capital spending is focused on construction of the Hot Springs Pool and Bathhouse, completion of the Box Cañon geothermal line replacement, and the replacement of the Skyrocket culvert.
- In 2014, the Council adopted a Strategic Plan to identify and prioritize its goals and objectives for the future. In 2016, 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:

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

CITY OF OURAY, COLORADO
Statement of Net Position
December 31, 2015

	Governmental Activities	Business Type	Total
ASSETS			
Cash and cash equivalents	\$ 927,563	\$1,104,996	\$ 2,032,559
Restricted cash	-	132,000	132,000
Property taxes receivable	509,616	-	509,616
Accounts receivable	14,613	163,437	178,050
Other receivables	-	32,000	32,000
Due from other governments	37,367	-	37,367
Prepaid and deposits	671	-	671
Inventories	7,407	23,311	30,718
Net pension assets	180,992	-	180,992
Capital assets, net	1,983,843	6,053,629	8,037,472
Total assets	3,662,072	7,509,373	11,171,445
DEFERRED OUTFLOWS			
Pension contributions made after measurement date	33,190	-	33,190
Pension net difference between projected and actual investment earnings	2,834	-	2,834
Total Deferred outflows	36,024	-	36,024
LIABILITIES			
Accounts payable	49,822	69,590	119,412
Accrued wages	29,607	85,768	115,375
Accrued interest payable	-	5,227	5,227
Performance bonds and deposits	-	2,254	2,254
Deferred revenue	48,181	158,153	206,334
Current portion of debt			
Loans and notes payable	-	61,619	61,619
Capital leases	69,078	-	69,078
Compensated absences	41,042	-	41,042
Long-term liabilities			
Loans and notes payable	-	256,319	256,319
Capital leases	345,970	-	345,970
Total liabilities	583,700	638,930	1,222,630
Deferred inflow of resources			
Deferred property tax revenue	509,616	-	509,616
Pension difference between expected and actual experience	25,202	-	25,202
Total Deferred inflow of resources	534,818	-	534,818
NET POSITION			
Invested in capital assets	1,568,795	5,735,691	7,304,486
Reserves	-	86,657	86,657
Restricted for:			
Emergencies	76,266	-	76,266
Unrestricted	934,517	1,048,095	1,982,612
Total net position	\$ 2,579,578	\$6,870,443	\$ 9,450,021

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 679,043	\$ 14,523	\$ -	\$ -
Public Safety	648,679	29,818	3,082	-
Public Works	458,854	43,537	62,782	-
Culture and Recreation	218,673	24,381	17,383	-
Total governmental activities	<u>2,005,249</u>	<u>112,259</u>	<u>83,247</u>	<u>-</u>
Business-type activities:				
Water	481,905	444,400	-	5,125
Sewer	403,981	402,065	-	3,750
Refuse	149,716	146,592	-	-
Utilities-Capital Improvements	-	-	-	26,625
Parks	1,212,112	1,791,379	-	-
Total business-type activities	<u>2,247,714</u>	<u>2,784,436</u>	<u>-</u>	<u>35,500</u>
Total primary government	<u><u>\$ 4,252,963</u></u>	<u><u>\$ 2,896,695</u></u>	<u><u>\$ 83,247</u></u>	<u><u>\$ 35,500</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

Investment earnings

Total General Revenues and Transfers

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental	Business-Type	
Activities	Activities	Total
\$ (664,520)	\$ -	\$ (664,520)
(615,779)	-	(615,779)
(352,535)	-	(352,535)
(176,909)	-	(176,909)
<u>(1,809,743)</u>	<u>-</u>	<u>(1,809,743)</u>
-	(32,380)	(32,380)
-	1,834	1,834
-	(3,124)	(3,124)
-	26,625	26,625
-	579,267	579,267
<u>-</u>	<u>572,222</u>	<u>572,222</u>
<u>(1,809,743)</u>	<u>572,222</u>	<u>(1,237,521)</u>
489,976	-	489,976
42,709	-	42,709
1,209,456	-	1,209,456
45,396	-	45,396
56,363	5,181	61,544
76,988	-	76,988
-	32,000	32,000
5,997	1,337	7,334
<u>1,926,885</u>	<u>38,518</u>	<u>1,965,403</u>
117,142	610,740	727,882
2,462,436	6,259,703	8,722,139
<u>\$ 2,579,578</u>	<u>\$ 6,870,443</u>	<u>\$ 9,450,021</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Governmental Funds
Balance Sheet
December 31, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 696,699	\$ 230,864	\$ 927,563
Taxes receivable	509,616	-	509,616
Due from other governments	37,367	-	37,367
Accounts receivable	14,613	-	14,613
Inventory	7,407	-	7,407
Prepaid expenses	671	-	671
Total assets	<u>\$ 1,266,373</u>	<u>\$ 230,864</u>	<u>\$ 1,497,237</u>
Liabilities, Deferred inflows of resources and Fund Balance			
Liabilities:			
Accounts payable	\$ 49,822	\$ -	\$ 49,822
Accrued wages	29,607	-	29,607
Deferred revenue	48,181	-	48,181
Total liabilities	<u>127,610</u>	<u>-</u>	<u>127,610</u>
Deferred inflow of resources			
Deferred property tax revenue	<u>509,616</u>	<u>-</u>	<u>509,616</u>
Fund balances:			
Non-spendable	7,407	-	7,407
Restricted			
Emergencies	76,266	-	76,266
Parks and recreation	-	99,129	99,129
Committed			
Flumes, streets and drainage	513,246	-	513,246
Tourism	-	27,574	27,574
Beautification	-	104,161	104,161
Unassigned	32,228	-	32,228
Total fund balance	<u>629,147</u>	<u>230,864</u>	<u>860,011</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 756,757</u>	<u>\$ 230,864</u>	<u>\$ 987,621</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, 2015

Total fund balance, governmental funds \$ 860,011

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	\$ 9,260,817	
Less accumulated depreciation	<u>(7,276,974)</u>	1,983,843

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	\$ (415,048)	
Compensated absences	<u>(41,042)</u>	(456,090)

Net pension assets and related deferred inflows and outflows of resources are not recorded in the funds.	<u>191,814</u>
--	----------------

Net Position of Governmental Activities in the Statement of Net Position \$ 2,579,578

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, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 489,976	\$ -	\$ 489,976
Sales and miscellaneous taxes	1,004,753	247,412	1,252,165
Fees and fines	21,597	-	21,597
Licenses and permits	40,307	-	40,307
Intergovernmental	188,249	17,383	205,632
Charges for services	50,354	-	50,354
Investment earnings	5,520	477	5,997
Miscellaneous	22,568	-	22,568
Total revenues	<u>1,823,324</u>	<u>265,272</u>	<u>2,088,596</u>
EXPENDITURES			
Current:			
General government	436,407	218,821	655,228
Public safety	601,937	-	601,937
Public works	334,645	-	334,645
Culture and recreation	206,025	-	206,025
Debt service payments	33,854	-	33,854
Capital outlay	482,276	-	482,276
Total expenditures	<u>2,095,144</u>	<u>218,821</u>	<u>2,313,965</u>
Excess (deficiency) of revenues over expenditures	<u>(271,820)</u>	<u>46,451</u>	<u>(225,369)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	326,060	-	326,060
Transfers In (out)	12,079	(12,079)	-
Total other financing sources (uses)	<u>338,139</u>	<u>(12,079)</u>	<u>326,060</u>
Net change to fund balance	66,319	34,372	100,691
Fund balance, January 1	562,828	196,492	759,320
Fund balance, December 31	<u>\$ 629,147</u>	<u>\$ 230,864</u>	<u>\$ 860,011</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, 2015

Net change in fund balances - total governmental funds \$ 100,691

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	\$ 441,300	
Depreciation expense	(149,764)	
Excess of capital outlay over depreciation		291,536

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. (12,049)

Pension 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. 33,795

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. 29,229

Loan Proceeds (326,060)

Change in net position of governmental funds \$ 117,142

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO

Statement of Net Position

Enterprise Funds

December 31, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Utilities-CI Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ (51,483)	\$ 412,812	\$ 193,399
Receivables:			
Accounts	33,165	29,480	-
Other	32,000	-	-
Inventories	17,657	5,350	-
Total current assets	<u>31,339</u>	<u>447,642</u>	<u>193,399</u>
Restricted cash	<u>132,000</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land and improvements	149,131	-	-
Utility system	5,216,439	2,159,109	-
Geothermal wells	-	-	-
Swimming pool	-	-	-
Pool filtration system	-	-	-
Box Cañon	-	-	-
Parks and other assets	-	-	-
Buildings	87,201	43,597	-
Equipment and furniture	293,774	374,937	-
Less accumulated depreciation	<u>(1,960,387)</u>	<u>(1,879,267)</u>	<u>-</u>
Total capital assets	<u>3,786,158</u>	<u>698,376</u>	<u>-</u>
Total Assets	<u>\$ 3,949,497</u>	<u>\$ 1,146,018</u>	<u>\$ 193,399</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 8,635	\$ 5,613	\$ -
Accrued payroll	17,869	17,428	-
Customer deposits	375	-	-
Accrued interest payable	5,227	-	-
Deferred revenues	74,597	41,340	30,000
Current portion of long term debt	61,619	-	-
Total current liabilities	<u>168,322</u>	<u>64,381</u>	<u>30,000</u>
Noncurrent liabilities			
Loans and leases payable	<u>256,319</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	3,468,220	698,376	-
Restricted for O&M expenses	86,657	-	-
Unrestricted	(30,021)	383,261	163,399
Total net position	<u>\$ 3,524,856</u>	<u>\$ 1,081,637</u>	<u>\$ 163,399</u>

Refuse Fund	Parks Fund	Total Enterprise Funds
\$ 55,965	\$ 494,303	\$ 1,104,996
11,055	89,737	163,437
-	-	32,000
-	304	23,311
<u>67,020</u>	<u>584,344</u>	<u>1,323,744</u>
-	-	132,000
-	-	149,131
-	-	7,375,548
-	135,328	135,328
-	1,936,873	1,936,873
-	915,511	915,511
-	375,358	375,358
-	1,091,895	1,091,895
-	-	130,798
-	-	668,711
-	(2,885,870)	(6,725,524)
-	<u>1,569,095</u>	<u>6,053,629</u>
<u>\$ 67,020</u>	<u>\$ 2,153,439</u>	<u>\$ 7,509,373</u>
\$ 23,900	\$ 31,442	\$ 69,590
-	50,471	85,768
-	1,879	2,254
-	-	5,227
12,216	-	158,153
-	-	61,619
<u>36,116</u>	<u>83,792</u>	<u>382,611</u>
-	-	256,319
-	1,569,095	5,735,691
-	-	86,657
30,904	500,552	1,048,095
<u>\$ 30,904</u>	<u>\$ 2,069,647</u>	<u>\$ 6,870,443</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, 2015

	Water Fund	Sewer Fund	Utilities-CI Fund
Operating Revenues			
Charges for services	\$ 444,400	\$ 402,065	\$ -
Miscellaneous	4,044	-	-
Total operating revenues	<u>448,444</u>	<u>402,065</u>	<u>-</u>
Operating Expenses			
Personal services	229,043	222,349	-
Contractual services	13,492	6,663	-
Utilities	6,184	33,608	-
Repairs and maintenance	13,285	20,145	-
Other supplies and expenses	46,352	56,295	-
Insurance claims and expenses	3,899	3,719	-
Depreciation	154,932	60,985	-
Total operating expenses	<u>467,187</u>	<u>403,764</u>	<u>-</u>
Operating income (loss)	<u>(18,743)</u>	<u>(1,699)</u>	<u>-</u>
Nonoperating revenues (expenses)			
Interest income	94	877	366
Royalties, leases and rents	-	-	-
Operating grants and contributions	16,000	16,000	-
Interest expense	(14,718)	(217)	-
Total nonoperating revenues (expenses)	<u>1,376</u>	<u>16,660</u>	<u>366</u>
Income (loss) before transfers and and Capital Contributions	(17,367)	14,961	366
Capital contributions-Investment Fees	<u>5,125</u>	<u>3,750</u>	<u>26,625</u>
Change in net position	(12,242)	18,711	26,991
Total net position, January 1	<u>3,537,098</u>	<u>1,062,926</u>	<u>136,408</u>
Total net position, December 31	<u>\$ 3,524,856</u>	<u>\$ 1,081,637</u>	<u>\$ 163,399</u>

<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ 146,592	\$ 1,791,379	\$ 2,784,436
-	1,137	5,181
<u>146,592</u>	<u>1,792,516</u>	<u>2,789,617</u>
-	783,662	1,235,054
149,716	17,571	187,442
-	56,407	96,199
-	36,835	70,265
-	185,702	288,349
-	9,234	16,852
-	122,701	338,618
<u>149,716</u>	<u>1,212,112</u>	<u>2,232,779</u>
<u>(3,124)</u>	<u>580,404</u>	<u>556,838</u>
-	-	1,337
-	-	-
-	-	32,000
-	-	(14,935)
<u>-</u>	<u>-</u>	<u>18,402</u>
(3,124)	580,404	575,240
-	-	35,500
(3,124)	580,404	610,740
34,028	1,489,243	6,259,703
<u>\$ 30,904</u>	<u>\$ 2,069,647</u>	<u>\$ 6,870,443</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, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>
Cash Flows From Operating Activities		
Cash received from charges for services	\$ 455,733	\$ 424,898
Cash payments for goods and services	(92,729)	(123,375)
Cash payments to employees for services	(226,575)	(220,049)
Net cash provided (used) by operating activities	<u>136,429</u>	<u>81,474</u>
Cash Flows from Noncapital Financing Activities		
Grants and contributions	16,000	16,000
Net cash provided (used) by noncapital financing activities	<u>16,000</u>	<u>16,000</u>
Cash Flows from Capital and Related Financing Activities		
Investment fees	5,125	3,750
Acquisition of capital assets	(103,886)	(24,890)
Principal paid on loans and leases	(63,576)	(4,349)
Interest expense	(14,718)	(217)
Net cash provided (used) by capital and related financing activities	<u>(177,055)</u>	<u>(25,706)</u>
Cash Flows from Investing Activities		
Interest on investments	94	877
Net increase (decrease) in cash and equivalents	(24,532)	72,645
Cash balances, January 1	105,049	340,167
Cash balances, December 31	<u>\$ 80,517</u>	<u>\$ 412,812</u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (18,743)	\$ (1,699)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	154,932	60,985
Assets (increase) decrease:		
Accounts receivable	(7,781)	18,886
Inventories	6,237	375
Liabilities increase (decrease):		
Accounts payable	(15,754)	(3,320)
Deferred revenue	14,995	3,947
Customer deposits	75	-
Accrued payroll	2,468	2,300
Total adjustments	<u>155,172</u>	<u>83,173</u>
Net cash provided (used) by operating activities	<u>\$ 136,429</u>	<u>\$ 81,474</u>

<u>Utilities-CI Fund</u>	<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ -	\$ 149,267	\$ 1,705,562	\$ 2,735,460
-	(137,628)	(304,419)	(658,151)
-	-	(775,755)	(1,222,379)
<u>-</u>	<u>11,639</u>	<u>625,388</u>	<u>854,930</u>
-	-	-	32,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
26,625	-	-	35,500
-	-	(319,922)	(448,698)
-	-	-	(67,925)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,935)</u>
26,625	-	(319,922)	(496,058)
<u>366</u>	<u>-</u>	<u>-</u>	<u>1,337</u>
26,991	11,639	305,466	392,209
166,408	44,326	188,837	844,787
<u>\$ 193,399</u>	<u>\$ 55,965</u>	<u>\$ 494,303</u>	<u>\$ 1,236,996</u>
\$ -	\$ (3,124)	\$ 580,404	\$ 556,838
-	-	122,701	338,618
-	2,675	(86,954)	(73,174)
-	-	-	6,612
-	12,088	946	(6,040)
-	-	-	18,942
-	-	384	459
-	-	7,907	12,675
<u>-</u>	<u>14,763</u>	<u>44,984</u>	<u>298,092</u>
<u>\$ -</u>	<u>\$ 11,639</u>	<u>\$ 625,388</u>	<u>\$ 854,930</u>

The accompanying notes are an integral part of this statement.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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, 2015

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, 2015

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.

D. Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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

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

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.

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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

H. Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the 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.

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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

K. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net 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.

O. Fund Equity

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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

O. Fund Equity - (continued)

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.

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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

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.
- 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:

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Budgets - (continued)

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Final Budget</u>
General	\$ 1,894,477	\$ -	\$ 1,894,477
Water	536,126	-	536,126
Sewer	517,668	-	517,668
Refuse	149,456	2,544	152,000
Utility Improvement	18,000	-	18,000
Parks	1,710,242	29,758	1,740,000
Tourism	197,500	4,500	202,000
Beautification	22,300	-	22,300
Conservation Trust	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total	<u>\$ 5,070,769</u>	<u>\$ 36,802</u>	<u>\$ 5,107,571</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.

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, 2015, the bank balance of the City's deposits was \$1,981,228 of which \$253,801 was covered by federal depository insurance and \$1,727,427 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, 2015 the City's investments included funds held in COLOTRUST.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 5 - Deposits and Investments - (continued)

A. Deposits - (continued)

The City had invested \$ 189,817 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.

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	1,763,055
Certificate of deposits	207,233
Cash with county treasurer	3,204
COLOTRUST	<u>189,817</u>
Total	<u>\$ 2,164,559</u>

<u>Statement of Net Position</u>	
Cash and cash equivalents	\$ 2,032,559
Restricted cash	<u>132,000</u>
Total	<u>\$ 2,164,559</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.

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 6 - Long-term Liabilities

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due within one year
Governmental Activities					
Plow-Sander	74,051	-	(17,449)	56,602	18,140
Snow blower	13,566	-	(4,303)	9,263	4,516
Swaploader	30,600	-	(7,477)	23,123	7,333
Chevy Tahoe 2015	-	26,060	-	26,060	12,798
Fire Truck	-	300,000	-	300,000	26,291
Accrued compensated absences	28,993	12,049	-	41,042	-
Total	<u>\$ 147,210</u>	<u>\$ 338,109</u>	<u>\$ (29,229)</u>	<u>\$ 456,090</u>	<u>\$ 69,078</u>
Enterprise Activities					
Colorado Water Resources	\$ 377,165	\$ -	\$ (59,227)	\$ 317,938	\$ 61,619
Chevy 3500 Truck	8,699	-	(8,699)	-	-
Total	<u>\$ 385,864</u>	<u>\$ -</u>	<u>\$ (67,926)</u>	<u>\$ 317,938</u>	<u>\$ 61,619</u>

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>
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	56,117	1,530	57,647
Total	<u>\$ 317,938</u>	<u>\$ 34,617</u>	<u>\$ 352,555</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>
2016	\$ 18,140	\$ 2,241	\$ 20,381
2017	18,858	1,523	20,381
2018	19,604	777	20,381
Total	<u>\$ 56,602</u>	<u>\$ 4,541</u>	<u>\$ 61,143</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 6 - Long-term Liabilities – (continued)

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>
2016	\$ 4,516	\$ 465	\$ 4,981
2017	4,747	234	4,981
Total	<u>\$ 9,263</u>	<u>\$ 699</u>	<u>\$ 9,962</u>

Swap loader

\$ 30,600 October 2014, to finance the purchase of a Swap loader, 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>
2016	\$ 7,333	\$ 1,159	\$ 8,492
2017	7,702	790	8,492
2018	8,088	404	8,492
Total	<u>\$ 23,123</u>	<u>\$ 2,353</u>	<u>\$ 25,476</u>

Chevy Tahoe 2015

\$ 26,060 May 2015, to finance the purchase of a Chevy Tahoe 2015, due in two annual payments beginning July 1, 2016 at \$ 13,661 with an interest of 3.25%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 12,798	\$ 863	\$ 13,661
2017	13,262	399	13,661
Total	<u>\$ 26,060</u>	<u>\$ 1,262</u>	<u>\$ 27,322</u>

Fire Truck

\$ 300,000, July, 2015, due in annual payments of \$ 34,988 each on July 31 starting on July 31 of 2016 at an interest rate of 2.90%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 26,291	\$ 8,697	\$ 34,988
2017	27,053	7,935	34,988
2018	27,838	7,150	34,988
2019	28,645	6,343	34,988
2020	29,475	5,513	34,988
2021-2025	160,698	14,243	174,941
Total	<u>\$ 300,000</u>	<u>\$ 49,881</u>	<u>\$ 349,881</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 7 - Defined Benefit 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.

At December 31, 2015, the City reported an asset of \$180,992 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial study as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The City's proportion of the net asset was based on City's contributions to FPPA for the calendar year 2014 relative to the total contributions of participating employers to FPPA.

For the year ended December 31, 2015, the City recognized pension expense of \$33,795. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,202
Net difference between projected and actual earnings on pension plan investments	2,834	-
Contributions subsequent to the measurement date	<u>33,190</u>	<u>-</u>
Total	<u>\$ 36,024</u>	<u>\$ 25,202</u>

\$33,190 reported as deferred outflows related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2016	\$ (11,767)
2017	(11,767)
2018	459
2019	707
2020	-
Thereafter	-
Total	<u>\$ (22,368)</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 7 - Defined Benefit Pension Plans – (continued)

Actuarial assumptions. The total pension asset in December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2013, determines the contribution amounts for 2014 and 2015

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA

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

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net Pension Liability/(Asset)
to the Single Discount Rate Assumption

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%
\$ (152,185)	\$ (180,992)	\$ (205,361)

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 7 - Defined Benefit Pension Plans – (continued)

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:<http://www.fppaco.org>.

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 2015 the City's total payroll was \$1,670,524. The City's contribution was calculated using a base salary amount of \$972,800. The City and the covered employees made the following contributions, amounting to \$29,184 and \$29,814 respectively for a total of \$59,628.

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, 2015

Note 11 - Capital Assets

Capital assets activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Dispositions	Balance December 31, 2015
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	9,603	-	790,029
Improvements other than buildings	99,345	-	-	99,345
Infrastructure	5,659,220	50,197	-	5,709,417
Equipment	1,955,432	381,500	-	2,336,932
	<u>8,494,423</u>	<u>441,300</u>	<u>-</u>	<u>8,935,723</u>
Less accumulated depreciation				
Buildings	(619,622)	(6,556)	-	(626,178)
Improvements	(13,040)	(5,583)	-	(18,623)
Infrastructure	(4,936,420)	(78,902)	-	(5,015,322)
Equipment	(1,558,128)	(58,723)	-	(1,616,851)
	<u>(7,276,974)</u>	<u>(149,764)</u>	<u>-</u>	<u>(7,276,974)</u>
Capital assets being depreciated, net	<u>1,367,213</u>	<u>291,536</u>	<u>-</u>	<u>1,658,749</u>
Total Governmental Activities Capital Assets	<u>\$ 1,692,307</u>	<u>\$ 291,536</u>	<u>\$ -</u>	<u>\$ 1,983,843</u>
	Balance January 1, 2015	Additions	Dispositions	Balance December 31, 2015
Business - Type Activities				
Capital assets not being depreciated				
Land	\$ 149,131	\$ -	\$ -	\$ 149,131
Capital assets being depreciated				
Utility system	7,250,502	125,046	-	7,375,548
Geothermal wells	135,328	-	-	135,328
Swimming pool	1,625,946	310,927	-	1,936,873
Pool filtration system	906,515	8,996	-	915,511
Box Cañon	375,358	-	-	375,358
Other Parks assets	1,091,895	-	-	1,091,895
Buildings	130,798	-	-	130,798
Equipment and furniture	664,979	3,732	-	668,711
Less accumulated depreciation	<u>(6,386,906)</u>	<u>(338,618)</u>	<u>-</u>	<u>(6,725,524)</u>
Capital assets being depreciated, net	<u>5,794,415</u>	<u>110,083</u>	<u>-</u>	<u>5,904,498</u>
Total Business-Type Activities Capital Assets	<u>\$5,943,546</u>	<u>\$ 110,083</u>	<u>\$ -</u>	<u>\$ 6,053,629</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2015

Note 11 - Capital Assets – (continued)

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

General Government	\$ 6,121
Public Safety	25,461
Public Works	115,484
Culture and Recreation	<u>2,698</u>
Total depreciation	<u>\$ 149,764</u>

Note 12 - Restatement of Net Position and Fund Balance

Effective December 31, 2014, the City retroactively changed its method of accounting for pension contributions and related obligations to conform to GASB No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27. Under the new accounting method, the City accrues a net pension asset related to its participation in a multiple-employer cost-sharing retirement plan. The effect of the change increased beginning net position for governmental activities for 2015 by \$158,019 from \$2,304,417 to \$2,462,436.

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Property taxes	\$ 490,517	\$ 490,517	\$ 489,976	\$ (541)
Sales taxes and other taxes	873,112	873,112	1,004,753	131,641
Licenses and permits	29,600	29,600	40,307	10,707
Intergovernmental revenues	191,018	191,018	188,249	(2,769)
Fees and fines	20,600	20,600	21,597	997
Charges for services	55,837	55,837	50,354	(5,483)
Miscellaneous revenue	12,050	12,050	22,568	10,518
Interest income	4,500	4,500	5,520	1,020
Total revenues	<u>1,677,234</u>	<u>1,677,234</u>	<u>1,823,324</u>	<u>146,090</u>
Expenditures				
General government	422,519	422,519	436,407	(13,888)
Capital outlay	14,345	14,345	22,853	(8,508)
Public safety	592,314	592,314	601,937	(9,623)
Capital outlay	22,200	22,200	69,116	(46,916)
Public works	324,141	324,141	334,645	(10,504)
Capital outlay	202,300	202,300	54,297	148,003
Culture and recreation	222,570	222,570	206,025	16,545
Capital outlay	60,235	60,235	9,950	50,285
Debt service payments	33,853	33,853	33,854	(1)
Total Expenditures	<u>1,894,477</u>	<u>1,894,477</u>	<u>1,769,084</u>	<u>125,393</u>
Excess of Revenues over (under) Expenditures	(217,243)	(217,243)	54,240	271,483
Other financing sources (uses)				
Transfers in	103,500	103,500	12,079	(91,421)
Total other financing sources (uses)	<u>103,500</u>	<u>103,500</u>	<u>12,079</u>	<u>(91,421)</u>
Excess of Revenues and sources over or (under) Expenditures and uses	(113,743)	(113,743)	66,319	180,062
Fund balance, January 1	537,773	537,773	562,828	25,055
Fund balance, December 31	<u>\$ 424,030</u>	<u>\$ 424,030</u>	<u>\$ 629,147</u>	<u>\$ 205,117</u>

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multiyear

Last 10 Fiscal Years (to be built prospectively)

Measurement period ending December 31,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service Cost	\$ 2,268									
Interest on the Total Pension Liability	23,310									
Benefit Changes	-									
Difference between Expected and Actual Experience	(37,678)									
Assumption Changes	-									
Benefit Payments	(20,430)									
Net Change in Total Pension Liability	(32,530)									
Total Pension Liability - Beginning	319,718									
Total Pension Liability - Ending (a)	\$ 287,188									
Plan Fiduciary Net Position										
Employer Contributions	\$ 18,000									
Pension Plan Net Investment Income	28,916									
Benefit Payments	(20,430)									
Pension Plan Administrative Expense	(1,053)									
State of Colorado supplemental discretionary payment	16,200									
Net Change in Plan Fiduciary Net Position	41,633									
Plan Fiduciary Net Position - Beginning	426,547									
Plan Fiduciary Net Position - Ending (b)	\$ 468,180									
Net Pension Liability/(Asset) - Ending (a) - (b)	(180,992)									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	163.02%									
Covered Employee Payroll	N/A									
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A									

CITY OF OURAY, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Conservation Trust Fund	Tourism Promotion Fund	Beautification Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 99,129	\$ 27,574	\$ 104,161	\$ 230,864
Total assets	\$ 99,129	\$ 27,574	\$ 104,161	\$ 230,864
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances:				
Unreserved:	99,129	27,574	104,161	230,864
Total fund balances	99,129	27,574	104,161	230,864
Total liabilities and fund balances	\$ 99,129	\$ 27,574	\$ 104,161	\$ 230,864

CITY OF OURAY, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2015

	Conservation Trust Fund	Tourism Promotion Fund	Beautification Fund	Total Nonmajor Governmental Funds
REVENUES				
Lodging taxes	\$ -	\$ 217,652	\$ 29,760	\$ 247,412
Intergovernmental	9,660	-	7,723	17,383
Interest earnings	226	-	251	477
Total revenues	<u>9,886</u>	<u>217,652</u>	<u>37,734</u>	<u>265,272</u>
EXPENDITURES				
Current:				
General government	-	200,000	18,821	218,821
Total expenditures	<u>-</u>	<u>200,000</u>	<u>18,821</u>	<u>218,821</u>
Excess revenues over (under) expenditures	9,886	17,652	18,913	46,451
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(12,079)	(12,079)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(12,079)</u>	<u>(12,079)</u>
Net change to fund balance	9,886	17,652	6,834	34,372
Fund balance, January 1	89,243	9,922	97,327	196,492
Fund balance, December 31	<u>\$ 99,129</u>	<u>\$ 27,574</u>	<u>\$ 104,161</u>	<u>\$ 230,864</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
	\$	\$	\$	(Unfavorable)
State entitlement	9,900	9,900	9,660	(240)
Interest Income	125	125	226	101
Total revenues	10,025	10,025	9,886	(139)
Expenditures				
Culture and recreation	25,000	25,000	-	-
Total expenditures	25,000	25,000	-	25,000
Excess of Revenues over (under) Expenditures	(14,975)	(14,975)	9,886	24,861
Fund balance, January 1	89,474	89,474	89,243	(231)
Fund balance, December 31	\$ 74,499	\$ 74,499	\$ 99,129	\$ 24,630

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
	<u></u>	<u></u>	<u></u>	(Unfavorable)
Taxes	\$ 197,594	\$ 197,594	\$ 217,652	\$ 20,058
Total revenues	<u>197,594</u>	<u>197,594</u>	<u>217,652</u>	<u>20,058</u>
Expenditures				
General government	197,500	197,500	200,000	(2,500)
Supplement	-	4,500	-	4,500
Total expenditures	<u>197,500</u>	<u>202,000</u>	<u>200,000</u>	<u>2,000</u>
Excess of revenues over (under) expenditures	94	(4,406)	17,652	22,058
Fund balance, January 1	<u>8,160</u>	<u>8,160</u>	<u>9,922</u>	<u>1,762</u>
Fund balance, December 31	<u>\$ 8,254</u>	<u>\$ 3,754</u>	<u>\$ 27,574</u>	<u>\$ 23,820</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
Lodging taxes	\$ 27,030	\$ 27,030	\$ 29,760	\$ 2,730
Interest income	212	212	251	39
Grants and donations	4,500	4,500	7,723	3,223
Total revenues	<u>31,742</u>	<u>31,742</u>	<u>37,734</u>	<u>5,992</u>
Expenditures				
General government	22,300	22,300	18,821	3,479
Total expenditures	<u>22,300</u>	<u>22,300</u>	<u>18,821</u>	<u>3,479</u>
Excess of Revenues over				
(under) Expenditures	9,442	9,442	18,913	9,471
OTHER FINANCING SOURCES (USES)				
Transfer out	(39,500)	(39,500)	(12,079)	27,421
Total other financing sources (uses)	<u>(39,500)</u>	<u>(39,500)</u>	<u>(12,079)</u>	<u>27,421</u>
Net change to fund balance	(30,058)	(30,058)	6,834	36,892
Fund balance, January 1	<u>92,063</u>	<u>92,063</u>	<u>97,327</u>	<u>5,264</u>
Fund balance, December 31	<u><u>\$ 62,005</u></u>	<u><u>\$ 62,005</u></u>	<u><u>\$ 104,161</u></u>	<u><u>\$ 42,156</u></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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
				(Unfavorable)
Water services	\$ 450,041	\$ 450,041	\$ 444,400	\$ (5,641)
Investment fees	2,500	2,500	5,125	2,625
Miscellaneous	11,000	11,000	4,044	(6,956)
Interest revenue	-	-	94	94
Grants	16,000	16,000	16,000	-
Total revenues	479,541	479,541	469,663	(9,878)
Expenditures				
Salaries and wages	200,558	200,558	167,891	32,667
Taxes and benefits	76,719	76,719	61,152	15,567
Overhead	12,831	12,831	11,738	1,093
Operating maintenance	95,550	95,550	67,369	28,181
Capital expenditures	72,175	72,175	107,992	(35,817)
Debt service	78,293	78,293	78,294	(1)
Total expenditures	536,126	536,126	494,436	41,690
Excess of Revenues over				
(under) Expenditures	(56,585)	(56,585)	(24,773)	31,812
Other Financing Sources (Uses)				
Transfers in	18,000	18,000	-	(18,000)
Available resources, January 1	324	324	81,409	81,085
Available resources, December 31	\$ (38,261)	\$ (38,261)	\$ 56,636	\$ 94,897

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Sewer Fund
For the Year Ended December 31, 2015

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Sewer services	\$ 404,832	\$ 404,832	\$ 402,065	\$ (2,767)
Investment fees	2,500	2,500	3,750	1,250
Miscellaneous	1,000	1,000	877	(123)
Grants	16,000	16,000	16,000	-
Total revenues	424,332	424,332	422,692	(1,640)
Expenditures				
Salaries and wages	196,171	196,171	163,462	32,709
Taxes and benefits	74,470	74,470	58,887	15,583
Overhead	34,336	34,336	38,982	(4,646)
Operating maintenance	73,950	73,950	73,938	12
Capital expenditures	134,175	134,175	32,400	101,775
Debt service	4,566	4,566	4,567	(1)
Total expenditures	517,668	517,668	372,236	145,432
Excess of Revenues over (under) Expenditures	(93,336)	(93,336)	50,456	143,792
Available resources, January 1	338,274	338,274	332,805	(5,469)
Available resources, December 31	\$ 244,938	\$ 244,938	\$ 383,261	\$ 138,323

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, 2015

	<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	\$ 15,375	\$ 7,875
Interest Income	353	353	366	13
Sewer Fund				
Tap Fees	7,500	7,500	11,250	3,750
Total revenues	<u>15,353</u>	<u>15,353</u>	<u>26,991</u>	<u>11,638</u>
Expenditures				
Capital expenditures/Transfers	18,000	18,000	-	18,000
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Excess of Revenues over (under) Expenditures	(2,647)	(2,647)	26,991	29,638
Available resources, January 1	<u>111,291</u>	<u>111,291</u>	<u>136,408</u>	<u>25,117</u>
Available resources, December 31	<u>\$ 108,644</u>	<u>\$ 108,644</u>	<u>\$ 163,399</u>	<u>\$ 54,755</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				Favorable
				(Unfavorable)
Refuse collection service	\$ 125,981	\$ 125,981	\$ 126,085	\$ 104
Recycling	21,350	21,350	20,507	(843)
Total revenues	<u>147,331</u>	<u>147,331</u>	<u>146,592</u>	<u>(739)</u>
Expenditures				
Contract hauling	149,456	152,000	149,716	2,284
Total expenditures	<u>149,456</u>	<u>152,000</u>	<u>149,716</u>	<u>2,284</u>
Excess of revenues over				
(under) expenditures	(2,125)	(4,669)	(3,124)	1,545
Available funds, January 1	<u>34,194</u>	<u>34,194</u>	<u>34,028</u>	<u>(166)</u>
Available funds, December 31	<u>\$ 32,069</u>	<u>\$ 29,525</u>	<u>\$ 30,904</u>	<u>\$ 1,379</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
				(Unfavorable)
Swimming pool	\$ 1,566,878	\$ 1,566,878	\$ 1,554,651	\$ (12,227)
Box Cañon	193,110	193,110	208,170	15,060
Miscellaneous	-	-	987	987
Other fees	300	300	150	(150)
Ice rink	900	900	1,695	795
Gym	24,267	24,267	26,863	2,596
Total revenues	1,785,455	1,785,455	1,792,516	7,061
Expenditures				
Salaries and wages	640,354	640,354	632,956	7,398
Taxes and benefits	153,224	153,224	150,706	2,518
Overhead	68,529	68,529	65,641	2,888
Operating maintenance	258,740	258,740	233,463	25,277
Capital expenditures	550,395	550,395	326,568	223,827
Transfers	39,000	39,000	-	39,000
Supplement	-	29,758	-	29,758
Total expenditures	1,710,242	1,740,000	1,409,334	330,666
Excess of Revenues over				
(under) expenditures	75,213	45,455	383,182	337,727
Available resources, January 1	83,442	83,442	117,370	33,928
Available resources, December 31	\$ 158,655	\$ 128,897	\$ 500,552	\$ 371,655

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 DECEMBER 2015
This Information From The Records Of (example - City of _ or County of _ City of Ouray	Prepared By: Phone: 970-325-7066 Debra Overton

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	502,823
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	502,823
B. Private Contributions	
C. Receipts from State government (from page 2)	45,442
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	548,265

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	282,733
3. Road and street services:	
a. Traffic control operations	11,510
b. Snow and ice removal	40,242
c. Other	
d. Total (a. through c.)	51,752
4. General administration & miscellaneous	1,544
5. Highway law enforcement and safety	212,236
6. Total (1 through 5)	548,265
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	548,265

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
		548,265	548,265		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
DECEMBER 2015

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	437,301	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	65,522	g. Other Misc. Receipts	
6. Total (1. through 5.)	65,522	h. Other	
c. Total (a. + b.)	502,823	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	39,969	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	5,473	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.)	5,473	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	45,442	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
(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: