

TOWN OF RANGELY, COLORADO

—

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

—

DECEMBER 31, 2016

TOWN OF RANGELY, COLORADO

2016 BOARD OF TRUSTEES

Mr. Joseph Nielsen, Mayor

Mr. Andrew Shaffer, Mayor Pro Tem

Ms. Lisa Hatch

Mr. Andrew Key

Mr. Trey Robie

Mr. Tyson Hacking

Ms. Ann Brady

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information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rangely, Colorado's basic financial statements. The combining nonmajor governmental funds financial statements, budgetary comparison schedule for the proprietary, nonmajor governmental, and fiduciary funds, and counties, cities, and towns annual statement of receipts and expenditures for roads, bridges, and streets are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds financial statements, budgetary comparison schedule for the proprietary, nonmajor governmental, and fiduciary funds, and counties, cities, and towns annual statement of receipts and expenditures for roads, bridges, and streets have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cabo CPA Services, PC

Rangely, Colorado
June 21, 2017

Fund Financial Statements

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 near-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 near-term financing requirements.

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 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 near-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.

Proprietary Funds. Proprietary funds are reported in the fund financial statements and generally report services for which customers are charged a fee. The Town uses an enterprise fund which essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to a customer external to the Town organization which is the water sales, natural gas, and wastewater services to the residents of the Town and surrounding areas.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for each major enterprise fund.

Fiduciary Funds. Fiduciary funds, which consist solely of the Rangely Foundation for Public Giving Trust Fund, are used to account for resources held for the benefit of providing donations to entities not affiliated with the Town. Fiduciary funds are *not* included in the government-wide financial statements because the resources are *not* available to support the Town's operations.

The fiduciary funds financial statements can be found on pages 25 through 26.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 42 of this report.

Budgetary Comparisons. The Town adopts an annual appropriated budget for the General Fund, Conservation Fund, Rangely Housing Authority Fund, Housing Assistance Fund, Rangely Development Agency Fund, Rangely Development Corporation Fund, Gas Fund, Wastewater Fund, Water Fund, and Rangely Foundation for Public Giving Trust Fund. A budgetary comparison statement has been provided for the General Fund on pages 45 through 46, the Conservation Fund on page 59, Rangely Housing Authority Fund on page 60, Housing Assistance Fund on page 61, Rangely Development Agency Fund on page 62, Rangely Development Corporation Fund on page 63, Gas Fund on pages 53 through 54, Wastewater Fund on pages 55 through 56, the Water Fund on pages 57 through 58, and the Rangely Foundation for Public Giving Trust Fund on page 64 of this report.

The following table indicates the changes in net position.

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	\$ 454,110	\$ 460,024	\$2,376,308	\$2,262,347	\$2,830,418	\$2,722,371
Operating grants and contributions	600,692	442,440	-	-	600,692	442,440
Capital grants and contributions	27,348	356,562	580,269	359,252	607,617	715,814
General revenues:						
General property taxes	199,531	199,048	-	-	199,531	199,048
Sales tax	816,580	741,625	-	-	816,580	741,625
Investment earnings	148,999	113,987	9,112	7,885	158,111	121,872
Severance tax	608,527	215,593	-	-	608,527	215,593
Mineral lease	1,388,308	964,624	-	-	1,388,308	964,624
Other	143,768	657,496	-	-	143,768	657,496
Total revenues	<u>4,387,863</u>	<u>4,151,399</u>	<u>2,965,689</u>	<u>2,629,484</u>	<u>7,353,552</u>	<u>6,780,883</u>
Expenses:						
Town Council	33,707	35,602	-	-	33,707	35,602
Court	23,658	20,951	-	-	23,658	20,951
Administration	451,984	490,472	-	-	451,984	490,472
Finance	220,601	231,487	-	-	220,601	231,487
Building & Grounds	436,415	443,005	-	-	436,415	443,005
Economic Development	277,729	329,132	-	-	277,729	329,132
Police Department	894,634	1,011,937	-	-	894,634	1,011,937
Streets & Drainage	848,179	728,834	-	-	848,179	728,834
	169,021	89,610	-	-	169,021	89,610
RDA	236,563	221,374	-	-	236,563	221,374
Housing Authority	9,050	-	-	-	9,050	-
Housing Assistance	-	1,225	-	-	-	1,225
RDC						
Gas	-	-	1,027,115	1,083,451	1,027,115	1,083,451
Wastewater	-	-	436,292	476,379	436,292	476,379
Water	-	-	1,349,492	1,486,908	1,349,492	1,486,908
Total expenses	<u>3,601,541</u>	<u>3,603,629</u>	<u>2,812,899</u>	<u>3,046,738</u>	<u>6,414,440</u>	<u>6,650,367</u>
Transfers in (out)	<u>(900,000)</u>	<u>(200,000)</u>	<u>900,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ (113,678)</u>	<u>\$ 347,770</u>	<u>\$1,052,790</u>	<u>\$ (217,254)</u>	<u>\$ 939,112</u>	<u>\$ 130,516</u>

Governmental Activities. Governmental activities increased the Town's net position by \$347,770 in 2016. Key elements of this increase are as follows:

Transfers out were down \$700,000 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental type and business-type activities as of December 31, 2016 totaled \$7,308,295 and \$12,525,545, respectively (net of accumulated depreciation and related debt). This investment includes all land, buildings, infrastructure, and equipment.

Accounting for infrastructure under GASB 34 will be implemented on a prospective basis.

The Town uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

Long-term Debt. During the year ended December 31, 2016, the Town had a long-term loan payable of \$258,656, capital lease payable of \$28,027, and notes payable of \$1,333,734.

Additional information on Town's debt can be found in Note 7.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the Town's financial position and results of operations and were taken into account in developing the 2017 budget:

- A decrease in property tax income.
- A decrease in sales tax income.
- A decrease in housing developments.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Town, 209 E. Main, Rangely, Colorado 81648.

FINANCIAL STATEMENTS

TOWN OF RANGELY, COLORADO

STATEMENT OF NET POSITION December 31, 2016

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,807,250	\$ 4,114,337	\$ 12,921,587
Receivables	354,589	271,353	625,942
Interest receivable	8,092	975	9,067
Property taxes receivable	183,702	-	183,702
Inventories	-	10,800	10,800
Restricted cash and investments	982,322	6,600	988,922
Due (to) from other funds	246,580	(246,580)	-
Noncurrent receivables:			
Due in more than one year	120,000	-	120,000
Capital assets, nondepreciable	2,336,021	13,984	2,350,005
Capital assets, net	5,258,957	14,019,600	19,278,557
TOTAL ASSETS	18,297,513	18,191,069	36,488,582
LIABILITIES			
Accounts payable	170,905	363,581	534,486
Accrued liabilities	24,312	11,692	36,004
Employee compensated absences	138,798	68,126	206,924
Deposits payable	10,465	1,600	12,065
Noncurrent liabilities:			
Due within one year	29,790	66,614	96,404
Due in more than one year	256,893	1,267,120	1,524,013
TOTAL LIABILITIES	631,163	1,778,733	2,409,896
DEFERRED INFLOWS			
Unearned revenue	183,702	-	183,702
TOTAL DEFERRED INFLOWS	183,702	-	183,702
NET POSITION			
Net investment in capital assets	7,308,295	12,525,545	19,833,840
Restricted for:			
Tabor	97,384	-	97,384
Debt service	72,000	-	72,000
Unrestricted	10,004,969	3,886,791	13,891,760
TOTAL NET POSITION	\$ 17,482,648	\$ 16,412,336	\$ 33,894,984

The accompanying "Notes to Financial Statements" are an integral part of this statement.

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (35,602)	\$ -	\$ (35,602)
-	(12,575)	-	(12,575)
-	(210,055)	-	(210,055)
-	(231,487)	-	(231,487)
-	(443,005)	-	(443,005)
-	(295,953)	-	(295,953)
670	(995,479)	-	(995,479)
340,892	(148,725)	-	(148,725)
-	(12,128)	-	(12,128)
15,000	41,631	-	41,631
-	-	-	-
-	(1,225)	-	(1,225)
356,562	(2,344,603)	-	(2,344,603)
-	-	1,481	1,481
-	-	(118,919)	(118,919)
359,252	-	(307,701)	(307,701)
359,252	-	(425,139)	(425,139)
<u>\$ 715,814</u>	<u>(2,344,603)</u>	<u>(425,139)</u>	<u>(2,769,742)</u>
	199,048	-	199,048
	741,625	-	741,625
	215,593	-	215,593
	116,088	-	116,088
	17,184	-	17,184
	964,624	-	964,624
	113,987	7,885	121,872
	524,224	-	524,224
	(200,000)	200,000	-
	<u>2,692,373</u>	<u>207,885</u>	<u>2,900,258</u>
	347,770	(217,254)	130,516
	17,134,878	16,629,590	33,764,468
	<u>\$ 17,482,648</u>	<u>\$ 16,412,336</u>	<u>\$ 33,894,984</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

TOWN OF RANGELY, COLORADO

RECONCILIATION OF GOVERNMENTAL BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2016

Balance sheet - total fund balances	\$ 10,242,125
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.	7,594,978
Half of compensated liabilities are not recorded in governmental funds because they are not generally expected to be liquidated with current expendable available financial resources.	(67,772)
Some liabilities, including notes payable are not included in governmental funds.	<u>(286,683)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 17,482,648</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

TOWN OF RANGELY, COLORADO

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016**

Net change in fund balances - total governmental funds \$ 405,238

Amounts reported for governmental activities in the statement of net activities are different because:

Governmental funds report capital outlays are 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 (\$611,546) exceeded capital outlay (\$532,783) in the current period. (78,763)

Half of accrued vacation and sick leave are not considered current liabilities, therefore, are not recorded as expense in the governmental funds. The increase in the non-current half is this amount. (8,067)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment 29,362

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 347,770

The accompanying "Notes to Financial Statements" are an integral part of this statement.

<u>Total</u>	
\$	4,114,337
	271,353
	975
	<u>10,800</u>
	<u>4,397,465</u>
	1,600
	5,000
	<u>14,033,584</u>
	<u>18,437,649</u>
	363,581
	11,692
	68,126
	<u>145,008</u>
	<u>588,407</u>
	1,600
	<u>1,435,306</u>
	<u>1,436,906</u>
	<u>2,025,313</u>
	12,525,545
	<u>3,886,791</u>
\$	<u><u>16,412,336</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

<u>Total</u>	
\$	2,226,574
	1,757
	16,345
	6,400
	<u>11,271</u>
	<u>2,262,347</u>
	280,417
	755,726
	461,476
	431,975
	<u>1,074,055</u>
	<u>3,003,649</u>
	<u>(741,302)</u>
	7,885
	<u>(43,089)</u>
	<u>(35,204)</u>
	(776,506)
	359,252
	<u>200,000</u>
	(217,254)
	<u>16,629,590</u>
\$	<u><u>16,412,336</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

Water	Totals
\$ 815,344	\$ 2,255,594
313,782	727,772
(806,376)	(2,288,342)
(60,000)	(280,417)
<u>262,750</u>	<u>414,607</u>
 200,000	 200,000
<u>200,000</u>	<u>200,000</u>
 359,252	 359,252
5,500	6,400
(851,704)	(900,954)
(118,173)	(140,098)
(38,567)	(43,089)
<u>(643,692)</u>	<u>(718,489)</u>
 2,546	 7,906
<u>2,546</u>	<u>7,906</u>
 (178,396)	 (95,976)
<u>1,764,022</u>	<u>4,215,313</u>
<u>\$ 1,585,626</u>	<u>\$ 4,119,337</u>
 \$ (628,386)	 \$ (741,302)
 812,675	 1,074,055
(5,500)	(6,400)
889	(353)
74,782	74,249
7,189	9,692
1,101	4,666
<u>\$ 262,750</u>	<u>\$ 414,607</u>

Water Fund:	
Interest income	\$ 2,539
Decrease in interest receivable	<u>7</u>
Investment income	<u>\$ 2,546</u>
Total grants	<u>\$ 359,252</u>
Gas Fund:	
Interest income	\$ 4,683
Decrease in interest receivable	<u>12</u>
Investment income	<u>\$ 4,695</u>
Wastewater Fund:	
Interest income	\$ 663
Decrease in interest receivable	<u>2</u>
Investment income	<u>\$ 665</u>
Total fixed assets purchased	<u>\$ (8,168)</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

TOWN OF RANGELY, COLORADO

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended December 31, 2016**

	<u>Rangely Foundation For Public Giving Private-Purpose Trust Fund</u>
ADDITIONS	
Investment income	
Interest revenue	<u>\$ 1,881</u>
TOTAL ADDITIONS	<u>1,881</u>
DEDUCTIONS	
Grants disbursed	<u>1,760</u>
TOTAL DEDUCTIONS	<u>1,760</u>
CHANGE IN NET POSITION	121
NET POSITION, BEGINNING	<u>286,618</u>
NET POSITION, ENDING	<u><u>\$ 286,739</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives cash.

The Town reports the following major governmental fund:

General Fund

The General Fund is the Town's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue sources are local property taxes and charges for services. Expenditures include all costs associated with the daily operations of the Town.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and gas utilities enterprise funds of the Town are charges to customers for sales and services. The water, wastewater and gas utilities recognize the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major proprietary funds:

Water Fund

The Water Fund accounts for the operations and capital needs to provide water to customers within the boundaries of the Town.

Wastewater Fund

The Wastewater Fund accounts for the operations and capital needs to provide sewer and wastewater services to customers within the boundaries of the Town.

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Property Taxes

Property taxes are levied on December 22 of each year and attached as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in full by June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property will be sold at public auction. The County bills and collects the property taxes and remits collections to the Town on a monthly basis. No provision has been made for uncollected taxes, in that the Town's experience indicates that all material amounts will be collected and paid to the Town.

F. Budgets and Budgetary Accounting

The Town's trustees follow these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to October 15, the manager submits to the Town's trustees a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain the taxpayers' comments.
- (3) Prior to December 15, the budget is legally enacted through passage of a resolution.
- (4) Formal budgetary integration is employed as a management control device during the year.
- (5) Budgets are adopted for the General, Special Revenue, Enterprise and Trust Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for the Enterprise Funds and the Rangely Development Agency. The budgets of the Enterprise Funds and Rangely Development Agency are based on cash receipts and cash disbursements rather than revenues and expenditures measurement required by GAAP.
- (6) Appropriations lapse at the end of each calendar year.
- (7) The Town's trustees may authorize supplemental appropriations during the year. No supplemental appropriations were made during the year.
- (8) Actual expenditures exceeded budget amounts by \$410 in the Rangely Development Agency which may be a violation of Colorado State Statutes.

G. Encumbrances

The Town does not use encumbrance accounting.

H. Inventories

Supply inventories of the Enterprise Funds are recorded at estimated cost.

I. Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be taken after year-end or paid upon separation from service. A liability for accrued vacation and sick leave benefits has been recorded in the General, Water, Gas and Wastewater Funds.

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 3 - CASH AND INVESTMENTS, Continued

The Town has invested \$29,927 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operated 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 function 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. At December 31, 2016 the Town's investment in the COLOTRUST was rated AAAM by Standard & Poor's.

A summary of cash and investments which are combined on the statement of net position and fiduciary statement of net position is as follows:

Cash	
Cash on hand	\$ 7,692
Cash deposits in bank	3,794,867
Certificates of deposit	10,353,796
Cash on hand - County Treasurer	<u>10,723</u>
Total cash	14,167,078
Investments	
COLOTRUST	<u>29,927</u>
Total cash and cash equivalents	<u>\$ 14,197,005</u>
 Cash and cash equivalents	 \$ 13,208,083
Restricted cash	<u>988,922</u>
Total cash and cash equivalents	<u>\$ 14,197,005</u>

Restricted cash is as follows:

Fund	Amount	Description
General	\$ 41,123	Dental/Vision Self-Insurance
Rangely Housing Authority	72,000	Loan Requirement
Rangely Housing Authority	6,900	Security Deposits
Housing Assistance	858,734	Future Housing Projects
RDA	3,565	Security Deposits
Gas	1,500	Deposits
Gas	5,000	CO LSE
Water	<u>100</u>	Deposits
	<u>\$ 988,922</u>	

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 6 - CAPITAL ASSETS, Continued

A. Governmental Activities, continued

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Less accumulated depreciation:				
Buildings	(2,406,259)	(149,569)	-	(2,555,828)
Streets and improvements	(10,143,852)	(354,277)	-	(10,498,129)
Equipment	(2,000,659)	(107,700)	-	(2,108,359)
Total accumulated depreciation	(14,550,770)	(611,546)	-	(15,162,316)
Total assets being depreciated, net	5,640,401	(381,444)	-	5,258,957
Governmental activities capital assets, net	\$ 7,673,742	\$ (78,764)	\$ -	\$ 7,594,978

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

Town council	\$ -
Court	-
Administration	3,536
Finance	-
Building & grounds	97,892
Economic/community development	61,776
Police department	52,282
Streets & drainage	341,547
RDA	-
Housing authority	54,513
Housing assistance	-
RDC	-

Total depreciation expense – governmental activities \$ 611,546

B. Business-type Activities

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets not being depreciated:				
Land	\$ 13,984	\$ -	\$ -	\$ 13,984
Construction in progress	92,606	-	(92,606)	-
Total assets not being depreciated	106,590	-	(92,606)	13,984
Capital assets being depreciated:				
Lines	9,158,282	447,608	-	9,605,890
Improvements	611,355	-	-	611,355
Building	145,560	-	-	145,560
System	1,799,678	-	-	1,799,678
Plant	11,980,642	463,863	-	12,444,505
Machinery and equipment	3,573,194	82,089	-	3,655,283
Total assets being depreciated	27,268,711	993,560	-	28,262,271

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7 - CHANGES IN LONG-TERM DEBT, Continued

Note Payable, FmHA, continued

Aggregate maturities of the note for the five years following December 31, 2010, will vary depending on changes in the monthly payment and the monthly surcharge credits. Based on recent history, principal payments of approximately \$16,000 per year are anticipated.

The Housing Authority is required to establish and maintain a reserve account for payment of the Farmers Home Administration loan in the amount of \$7,200 per year until the reserve reaches the sum of \$72,000. Once the maximum reserve is reached, it should be maintained at that level until the note is paid. At December 31, 2015, the reserve was \$72,000.

Capital Lease Payable

On January 7, 2013, the Town entered into a lease purchase agreement with Kansas State Bank for the acquisition of a backhoe for the Public Works department with a capitalized cost of \$81,319. Payment is annual on February 8th starting in 2013. The lease term ends February 8, 2018 with the final lease payment. There is no subsequent payment at the end of the lease term for purchase of the equipment. A total of 6 payments of \$14,701 will be made with an imputed interest rate of 3.25%. The lease payments are made through the General Fund.

Interfund Borrowing

The General Fund entered into a note payable with the Water and Wastewater Funds for the early pay off of loans with the State of Colorado. The note with the Water Fund is for \$501,113 at an interest rate of 5%. Interest and principal payment of \$63,782 is due annually through 2019. The note with the Wastewater Fund is for \$207,788 at an interest rate of 5%. Interest and principal payment of \$26,447 is due annually through 2019.

Principal and interest requirements for these contracts are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 78,393	\$ 11,836	\$ 90,229
2018	82,156	8,073	90,229
2019	86,031	4,198	90,229
	<u>\$ 246,580</u>	<u>\$ 24,107</u>	<u>\$ 270,687</u>

Drinking Water Revolving Fund (DWRF) Loan

On October 2, 2013, the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority for a \$1,500,000 loan at an interest rate of 2% annually. The loan is for improvements to the water plant. Principal and interest payments of \$46,478 are due semi-annual on May 1st and November 1st starting in 2014 and the last payment is due November 1, 2033. Payments on this loan will be made through the Water Fund. Loan proceeds of \$1,490,000 were received in 2014 and \$10,000 were received in 2015.

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 9 - BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis for the Enterprise Funds. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues over expenditures for the year ended December 31, 2016, is presented below:

	<u>Enterprise</u>
Net change in net position (NON-GAAP Basis)	\$ (184,251)
Plus:	
Debt retirement	140,098
Capital outlay	900,954
Less:	
Depreciation	<u>(1,074,055)</u>
Net change in net position (GAAP Basis)	<u>\$ (217,254)</u>

NOTE 10 - DEFINED CONTRIBUTION PLANS

A. Police Officers

On January 1, 1988, the Town established a single-employer, defined contribution money purchase plan for its full time police officers administered by Pension Management Associates, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each police officer whose job duties require no less than 1,000 hours of employment each year is eligible to participate as of the first day of employment. The plan requires the Town and its eligible employees to contribute 8% of the employees' base salary each year. The Town's contributions vest at a rate of 20% for every year of service after two years. A participant is fully vested after six years of service.

In 2016 the Town's total payroll was \$1,867,744. The Town's contributions were calculated using the base salary amount of \$322,883. Both the Town and the covered employees made the required 8.0% contribution, amounting to \$25,831 from each source.

B. Public Employees

All other full-time employees participate in the Public Employees Defined Contribution Money Purchase Plan, a single-employer plan administered by Pension Management Associates, Inc. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees whose job duties require no less than 1,600 hours of employment each year are eligible to participate immediately. The plan requires the Town to contribute 5.0% of the employee's base salary each year. The Town's contribution vests at a rate of 20% for every year of service after one year. A participant is fully vested after six years of service. Both the Town and covered employees made the required 5% contribution, amounting to \$70,782 from each source based on the salary of \$1,415,641.

NOTE 11 - DEFERRED COMPENSATION PLAN

The Town adopted a deferred compensation plan (457 Plan) as defined under the Internal Revenue Code Section 457. Participants may defer up to the lesser of \$17,500 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute \$5,000 more than the \$17,500 limit due to a catch up provision in the plan. The 457 Plan allows Town employees to make an elective deferral of a portion of their earned compensation to the 457 Plan. The 457 Plan is a single-employer plan administered by Pension Management Associates, Inc. The 457 Plan trustees may amend the 457 Plan. For the year ended December 31, 2016, participating employees contributed \$39,097.

TOWN OF RANGELY, COLORADO

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 15 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2010, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent.

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

- Nonspendable fund balance – amounts that are not in a 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 provision 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.

The Council establishes (and modifies or rescinds) fund balance commitments as action items in Council meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure of which any could be used.

NOTE 16 – SUBSEQUENT EVENT

The Town has evaluated subsequent events through June 21, 2017, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 1,487,848	\$ (430,652)
1,369,765	(160,735)
280,442	(105,487)
17,184	4,184
<u>636,199</u>	<u>459,029</u>
<u>3,791,438</u>	<u>(233,661)</u>
1,379,379	274,120
959,655	49,009
385,942	94,831
506,470	839,530
13,356	(13,356)
<u>1,345</u>	<u>(1,345)</u>
<u>3,246,147</u>	<u>1,242,789</u>
545,291	(1,476,450)
<u>(200,000)</u>	<u>200,000</u>
<u>345,291</u>	<u>(1,276,450)</u>
<u>7,871,544</u>	<u>127,061</u>
<u><u>\$ 8,216,835</u></u>	<u><u>\$ (1,149,389)</u></u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

SUPPLEMENTARY INFORMATION

Special Revenue			
Housing Assistance Fund	Rangely Development Agency	Rangely Development Corporation	Totals
\$ - 147	\$ 265,114 15	\$ 321,896 -	\$ 988,017 343
-	-	-	72,000
-	3,565	-	10,465
858,734	-	-	858,734
-	120,000	-	120,000
<u>\$ 858,881</u>	<u>\$ 388,694</u>	<u>\$ 321,896</u>	<u>\$ 2,049,559</u>
-	5,476	-	9,310
-	-	-	1,240
-	-	-	3,254
-	3,565	-	10,465
-	9,041	-	24,269
-	-	-	72,000
858,881	379,653	321,896	1,953,290
858,881	379,653	321,896	2,025,290
<u>\$ 858,881</u>	<u>\$ 388,694</u>	<u>\$ 321,896</u>	<u>\$ 2,049,559</u>

Special Revenue			
Housing Assistance Fund	Rangely Development Agency	Rangely Development Corporation	Totals
\$ -	\$ -	\$ -	\$ 28,179
-	-	-	147,388
-	56,803	-	148,923
1,202	145	4,034	6,297
-	20,678	-	29,175
1,202	77,626	4,034	359,962
-	89,610	1,225	222,333
-	-	-	26,313
-	-	-	16,006
-	-	-	35,363
-	89,610	1,225	300,015
1,202	(11,984)	2,809	59,947
857,679	391,637	319,087	1,965,343
<u>\$ 858,881</u>	<u>\$ 379,653</u>	<u>\$ 321,896</u>	<u>\$ 2,025,290</u>

<u>Actual Amounts</u>	<u>Variance from final budget</u>
\$ 1,066,463	\$ (205,902)
1,757	(1,243)
16,345	345
4,683	(317)
200	(3,800)
167	(3,833)
<u>1,089,615</u>	<u>(214,750)</u>
160,417	14,583
398,133	38,289
461,476	148,539
41,082	30,918
<u>1,061,108</u>	<u>232,329</u>
28,507	17,579
<u>2,334,735</u>	<u>(32,730)</u>
2,363,242	<u>\$ (15,151)</u>
41,082	
<u>(63,425)</u>	
<u>\$ 2,340,899</u>	

<u>Actual Amount</u>	<u>Variance from final budget</u>
\$ 356,760	\$ (43,240)
663	263
700	(2,900)
-	(27,227)
<u>358,123</u>	<u>(73,104)</u>
60,000	-
213,902	25,174
21,925	(5,494)
4,522	5,494
8,168	41,832
<u>308,517</u>	<u>67,006</u>
49,606	(140,110)
<u>3,005,297</u>	<u>(57,975)</u>
3,054,903	<u>\$ (198,085)</u>
21,925	
8,168	
<u>(197,955)</u>	
<u>\$ 2,887,041</u>	

<u>Actual Amount</u>	<u>Variance from final budget</u>
\$ 803,351	\$ (161,649)
2,539	539
5,500	1,100
359,252	(352,748)
<u>11,104</u>	<u>(60,678)</u>
<u>1,181,746</u>	<u>(573,436)</u>
60,000	-
143,691	33,592
431,975	(3,079)
118,173	38,399
38,567	41,371
<u>851,704</u>	<u>567,296</u>
<u>1,644,110</u>	<u>677,579</u>
(462,364)	(1,251,015)
-	-
<u>200,000</u>	<u>(200,000)</u>
(262,364)	(1,451,015)
<u>11,289,558</u>	<u>1,569,718</u>
11,027,194	<u>\$ 118,703</u>
118,173	
851,704	
<u>(812,675)</u>	
<u>\$ 11,184,396</u>	

TOWN OF RANGELY, COLORADO

BUDGETARY COMPARISON SCHEDULE RANGELY HOUSING AUTHORITY For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance from budget</u>
REVENUES			
Federal funds	\$ 163,880	\$ 147,388	\$ (16,492)
Charges for services	88,000	92,120	4,120
Interest	500	686	186
Grants	-	15,000	15,000
Miscellaneous	26,000	8,497	(17,503)
TOTAL REVENUES	<u>278,380</u>	<u>263,691</u>	<u>(14,689)</u>
EXPENDITURES			
General government	201,152	157,811	43,341
Debt service	71,000	51,369	19,631
TOTAL EXPENDITURES	<u>272,152</u>	<u>209,180</u>	<u>62,972</u>
NET CHANGE IN FUND BALANCE	<u>6,228</u>	<u>54,511</u>	<u>48,283</u>
FUND BALANCE, BEGINNING	<u>289,915</u>	<u>297,017</u>	<u>7,102</u>
FUND BALANCE, ENDING	<u>\$ 296,143</u>	<u>\$ 351,528</u>	<u>\$ 55,385</u>

TOWN OF RANGELY, COLORADO**BUDGETARY COMPARISON SCHEDULE
RANGELY DEVELOPMENT AGENCY
For the Year Ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance from budget</u>
REVENUES			
Charge for services	\$ 67,000	\$ 56,803	\$ (10,197)
Interest	100	145	45
Miscellaneous/Other	<u>23,000</u>	<u>20,678</u>	<u>(2,322)</u>
TOTAL REVENUES	<u>90,100</u>	<u>77,626</u>	<u>(12,474)</u>
EXPENDITURES			
General government	<u>89,200</u>	<u>89,610</u>	<u>(410)</u>
TOTAL EXPENDITURES	<u>89,200</u>	<u>89,610</u>	<u>(410)</u>
NET CHANGE IN FUND BALANCE	<u>900</u>	<u>(11,984)</u>	<u>(12,884)</u>
FUND BALANCE, BEGINNING	<u>402,268</u>	<u>391,637</u>	<u>(10,631)</u>
FUND BALANCE, ENDING	<u>\$ 403,168</u>	<u>\$ 379,653</u>	<u>\$ (23,515)</u>

TOWN OF RANGELY, COLORADO

BUDGETARY COMPARISON SCHEDULE RANGELY FOUNDATION FOR PUBLIC GIVING For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance from final budget</u>
REVENUES			
Investment income			
Interest revenue	<u>\$ 2,000</u>	<u>\$ 1,881</u>	<u>\$ (119)</u>
TOTAL REVENUES	<u>2,000</u>	<u>1,881</u>	<u>(119)</u>
EXPENDITURES			
Grants disbursed	<u>2,000</u>	<u>1,760</u>	<u>240</u>
TOTAL EXPENDITURES	<u>2,000</u>	<u>1,760</u>	<u>240</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>121</u>	<u>121</u>
NET ASSETS, BEGINNING	<u>287,771</u>	<u>286,618</u>	<u>(1,153)</u>
NET ASSETS, ENDING	<u>\$ 287,771</u>	<u>\$ 286,739</u>	<u>\$ (1,032)</u>

II. Other.

Total: (a through h) carried to 'Misc local receipts' above

	0.00
	4,201.00

C. Receipts from State Government

1. Highway User Taxes:	\$ 86,097.00
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 0.00
d. Other:	
Comments: undefined	\$ 0.00
e. Other:	
Comments: undefined	\$ 0.00
Total: (1+3c,d,e)	\$ 86,097.00

D. Receipts from Federal Government

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00
c. HUD:	\$ 0.00
d. Federal Transit Administration:	\$ 0.00
e. U.S. Corp of Engineers	\$ 0.00
f. Other Federal:	\$ 0.00
Total: (2a-f)	\$ 0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES**A. Local highway disbursements**

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$ 153,197.00
2. Maintenance:	\$ 36,037.00
3. Road and street services	
a. Traffic control operations:	\$ 0.00
b. Snow and ice removal:	\$ 47,765.00
c. Other:	\$ 233,485.00
4. General administration & miscellaneous	\$ 26,560.00
5. Highway law enforcement and safety	\$ 293,915.00
Total: (A.1-5)	\$ 790,959.00