

**TOWN OF IGNACIO, COLORADO**



**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014  
WITH REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF IGNACIO, COLORADO

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## Independent Auditors' Report

The Honorable Mayor and Board  
Town of Ignacio, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ignacio, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ignacio, Colorado, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other-Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ignacio, Colorado's basic financial statements. The combining statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and budgetary comparison schedules 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 statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Local Highway Finance Report has 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 it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2015, on our consideration of the Town of Ignacio, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ignacio, Colorado's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
May 5, 2015

**TOWN OF IGNACIO, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

As management of the Town of Ignacio (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2014. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Total assets exceeded total liabilities (net position) by \$4.7 million at the close of the fiscal year. This was an increase of \$53,175 over the previous year.
- Total governmental and business-type net position increased by a combined total of \$53,175. This is compared to last year's change in net position of \$220,605.
- The total cost of all Town programs for 2014 was \$3,324,023.
- The general fund unassigned fund balance at the end of 2014 was \$303,974 which is 22% of total General fund expenditures.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

**Reporting the Town as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, affordable housing and interest on long-term debt. Sales taxes, property taxes, franchise taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers to cover most of the cost of the services provided.

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$4.7 million as of December 31, 2014 as shown in the following condensed statement of net position. Of this amount, \$986,561 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the net investment in capital assets of \$3,518,439 (74.71% of total 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 Town has chosen to account for its water, gas, sewer, and irrigation operations in enterprise funds which are shown as Business Activities.

The following table summarizes the Town's governmental and business-type net position as of December 31, 2014 and 2013:

### TOWN OF IGNACIO, COLORADO Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Current and other assets	\$ 752,849	\$ 1,160,704	\$ 647,105	\$ 622,325	\$ 1,399,954	\$ 1,783,029
Capital assets	1,214,441	1,375,191	3,300,321	3,283,828	4,514,762	4,659,019
Total assets	<u>1,967,290</u>	<u>2,535,895</u>	<u>3,947,426</u>	<u>3,906,153</u>	<u>5,914,716</u>	<u>6,442,048</u>
Long-term liabilities outstanding	308,033	425,650	760,290	767,019	1,068,323	1,192,669
Other liabilities	32,001	491,511	75,289	101,733	107,290	593,244
Total liabilities	<u>340,034</u>	<u>917,161</u>	<u>835,579</u>	<u>868,752</u>	<u>1,175,613</u>	<u>1,785,913</u>
Deferred Inflows of Resources	29,794	-	-	-	29,794	-
Net position:						
Net investment in capital assets	968,846	1,008,395	2,549,593	2,526,000	3,518,439	3,534,395
Restricted	241,979	243,057	-	-	241,979	243,057
Unrestricted	386,637	367,282	562,254	511,401	948,891	878,683
Total net position	<u>\$ 1,597,462</u>	<u>\$ 1,618,734</u>	<u>\$ 3,111,847</u>	<u>\$ 3,037,401</u>	<u>\$ 4,709,309</u>	<u>\$ 4,656,135</u>

An additional portion of net position, \$241,979, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$948,891 (20.95% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

## Governmental Activities

The cost of all Governmental activities this year was \$2,123,037 as shown in the Changes in Net Position statement below. \$114,190 of this cost was paid for by those who directly benefited from the programs. \$1,054,362 was subsidized by grants or contributions received from other governmental organizations for both capital and operating activities. General taxes, investment earnings and other revenues totaled \$1,063,697.

The Town's programs include: General Government, Public Safety, Public Works/Streets, Parks & Recreation and Affordable Housing. Each program's revenues and expenses are presented below.

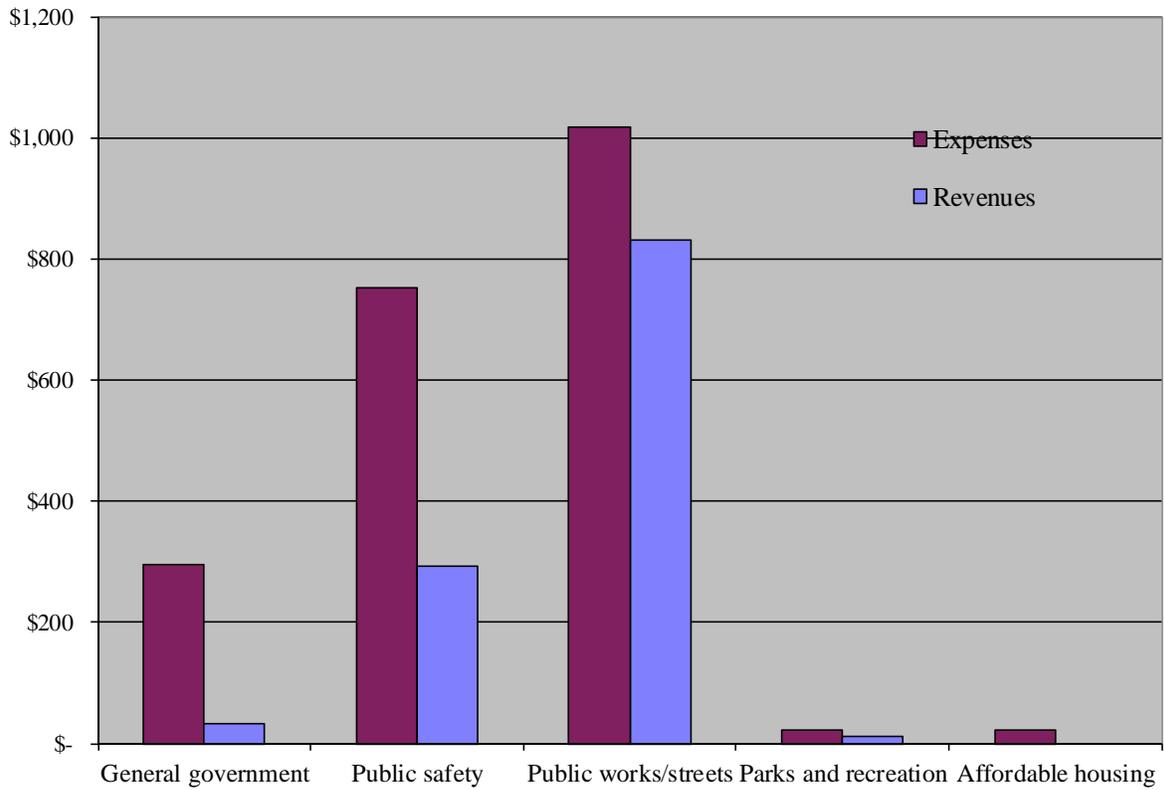
### TOWN OF IGNACIO, COLORADO Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Revenues:						
Program revenues:						
Charges for services	\$ 114,190	\$ 118,541	\$ 1,172,918	\$ 1,265,437	\$ 1,287,108	\$ 1,383,978
Operating grants and contributions	272,681	260,049	-	-	272,681	260,049
Capital grants and contributions	781,681	117,101	71,967	2,154	853,648	119,255
General revenues:						
Taxes	1,058,880	1,045,095	-	-	1,058,880	1,045,095
Investment earnings	241	935	-	-	241	935
Gain on sales of assets	-	3,011	-	-	4,576	3,011
Other revenue/(expense)	4,576	-	48	148	48	148
Total revenues	<u>2,232,249</u>	<u>1,544,732</u>	<u>1,244,933</u>	<u>1,267,739</u>	<u>3,477,182</u>	<u>2,812,471</u>
Expenses:						
General government	295,411	323,927	-	-	295,411	323,927
Public safety	752,025	711,299	-	-	752,025	711,299
Public works/streets	1,018,639	259,798	-	-	1,018,639	259,798
Parks and recreation	22,216	19,300	-	-	22,216	19,300
Affordable housing	23,034	48,192	-	-	23,034	48,192
Interest on long-term debt	11,712	16,519	-	-	11,712	16,519
Water	-	-	221,515	226,891	221,515	226,891
Gas	-	-	512,344	507,303	512,344	507,303
Sewer	-	-	444,814	433,044	444,814	433,044
Irrigation	-	-	22,314	45,593	22,314	45,593
Total expenses	<u>2,123,037</u>	<u>1,379,035</u>	<u>1,200,987</u>	<u>1,212,831</u>	<u>3,324,024</u>	<u>2,591,866</u>
Increase (decrease) in net position before transfers	109,212	165,697	43,946	54,908	153,158	220,605
Transfers	(30,500)	-	30,500	-	-	-
Net position, beginning	1,618,734	1,453,037	3,037,401	2,982,493	4,656,135	4,435,530
Prior period adjustment	(99,984)	-	-	-	(99,984)	-
Net position, ending	<u>\$ 1,597,462</u>	<u>\$ 1,618,734</u>	<u>\$ 3,111,847</u>	<u>\$ 3,037,401</u>	<u>\$ 4,709,309</u>	<u>\$ 4,656,135</u>

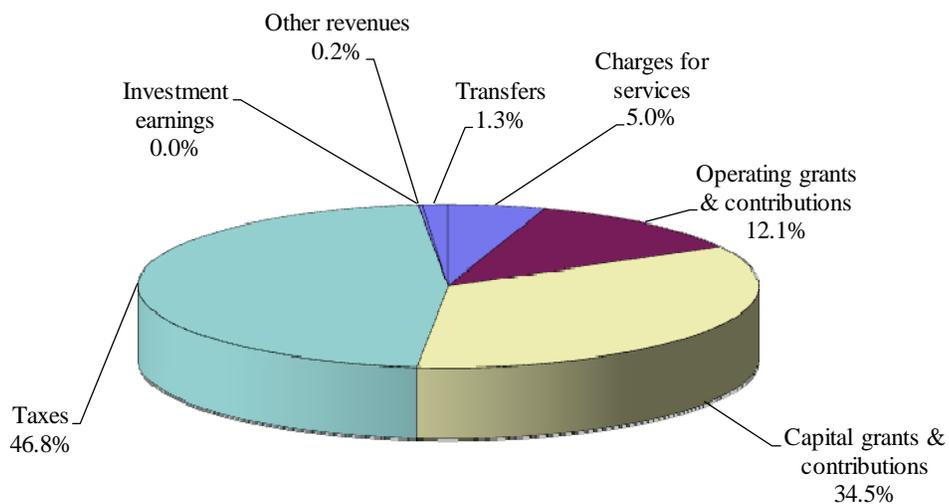
Total resources available during the year to finance governmental operations were \$3,850,983 consisting of Net position at January 1, 2014 of \$1,618,734, program revenues of \$1,168,552, and General Revenues of \$1,063,697. Total Governmental Activities expenses during the year were \$2,123,037, transfers out were \$30,500, and there was a prior period adjustment of \$99,984; thus Governmental Net Position decreased by \$21,272 to \$1,597,462.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

**Expenses and Program Revenues - Governmental Activities**  
(in Thousands)



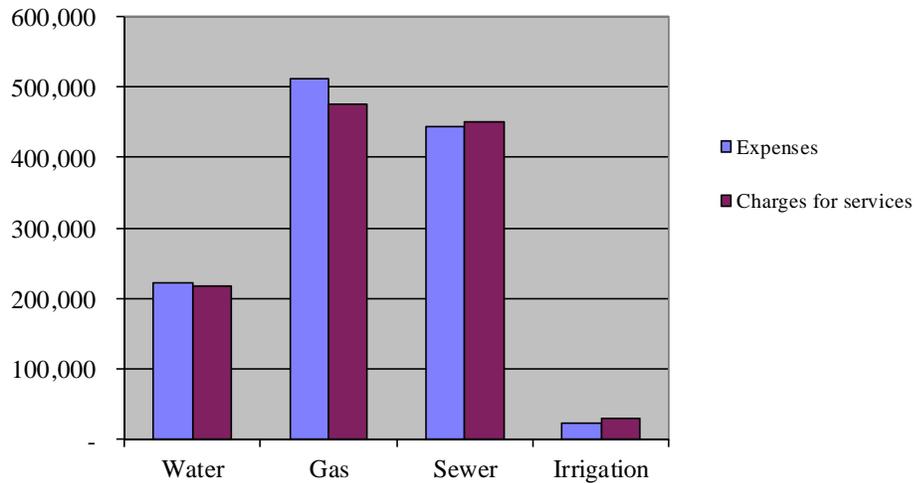
**Revenue By Source - Governmental Activities**



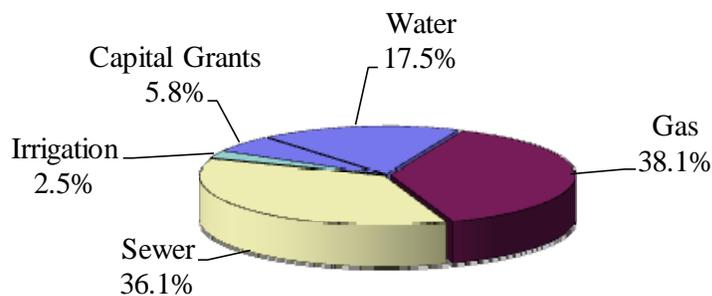
## Business Type Activities

Net position of the Business Type activities at December 31, 2014, as reflected in the Statement of Net Position was \$3.11 million. The cost of providing all Proprietary (Business Type) activities this year was \$1,200,986. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,172,918 and there was \$71,967 subsidized by capital grants and contributions. Other revenues were \$48. The Net Position increased by \$43,947. The following graphs compare the total business-type activity expenses by service to the charges for those services and the graph at the bottom of the page provides a breakdown of the total revenues for business-type activities.

**Expenses and Charges for Services - Business-type Activities**



**Revenue By Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$688,764, an increase of \$25,060 in comparison with the prior year. Approximately 44% or \$303,974 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The Town has one major governmental fund, the General Fund.

The General Fund is the primary operating fund for the Town. At December 31, 2014, unassigned fund balance in the General Fund was \$303,974. 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. Total unassigned fund balance represents 22% of the total General Fund expenditures. The fund balance of the Town's General Fund increased by \$58,017 for the year ended December 31, 2014. Total revenues and expenses in the General Fund were comparable to the prior year.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2014 for the Town's four enterprise funds (Water, Gas, Sewer, and Irrigation) are as follows:

	Water	Gas	Sewer	Irrigation	Total
Unrestricted net position	\$ 90,235	\$ 384,345	\$ 59,498	\$ 28,176	\$ 562,254
Total net position	1,304,022	1,583,461	199,550	24,814	3,111,847
Change in net position	95,200	(37,879)	8,927	8,198	74,446

## Budgetary Highlights

General fund revenues of \$1,440,531 were more than budgeted revenues of 1,395,299 by \$45,232. Actual expenditures were \$2,784 less than budgeted expenditures. The public works department was substantially under budget at year end.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, vehicles, buildings, land, system improvements, park facilities and roads. At the end of 2014, net capital assets of the government activities totaled \$1.2 million and the net capital assets of the business-type activities were \$3.3 million. The most significant governmental capital asset addition was the purchase of a Chevy Silverado. The most significant business-type fund capital asset addition was the DOLA waterline completed. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

### **Debt**

At year-end, the Town had \$308,033 in governmental type debt, and \$760,290 in proprietary debt. During the current fiscal year, the Town's total debt decreased by \$124,346. (See note 6 to the financial statements for detailed descriptions.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the Town Budget for the year 2015, the Town Board of Trustees and management were cautious as to the growth of revenues and expenditures due to a slow economy.

In an effort to stop the need for subsidizing any of the utility funds; several utility rate changes were made. The water rates were increased by \$1.00 or 2.6%. The sewer rates were increased by \$2.18 or 3.3%. The irrigation rate did not change and the gas rates were increased by .20 MCF or 2.8%. On average, this will be a neutral impact to residents. It will take continued consideration, analysis and review of the utility rates to insure that they cover not only operations and maintenance but that they also allow for capital improvement reserves.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Treasurer at: 540 Goddard, PO Box 459, Ignacio, Colorado 81137.

**BASIC FINANCIAL STATEMENTS**

**TOWN OF IGNACIO, COLORADO**  
**Statement of Net Position**  
**December 31, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 491,042	\$ 455,853	\$ 946,895
Receivables (net of allowance)	258,386	191,252	449,638
Notes receivable	3,421	-	3,421
Capital assets not being depreciated:			
Land	215,237	16,974	232,211
Capital assets (net of accumulated depreciation):			
Utility plant	-	3,056,115	3,056,115
Irrigation system	-	140,188	140,188
Buildings	223,089	-	223,089
Machinery and equipment	27,292	87,044	114,336
Vehicles	175,477	-	175,477
Infrastructure and systems	573,346	-	573,346
Total assets	<u>1,967,290</u>	<u>3,947,426</u>	<u>5,914,716</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	30,870	75,289	106,159
Interest payable	1,131	-	1,131
Noncurrent liabilities:			
Due within one year	188,033	41,013	229,046
Due in more than one year	120,000	719,277	839,277
Total liabilities	<u>340,034</u>	<u>835,579</u>	<u>1,175,613</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	29,794	-	29,794
Total deferred inflows of resources	<u>29,794</u>	<u>-</u>	<u>29,794</u>
<b>Net Position</b>			
Net investment in capital assets	968,846	2,549,593	3,518,439
Restricted for:			
Emergency reserve	61,112	-	61,112
Public safety	640	-	640
Parks and recreation	33,012	-	33,012
Public works	33,840	-	33,840
Rock creek III	113,375	-	113,375
Unrestricted	386,637	562,254	948,891
Total net position	<u>\$ 1,597,462</u>	<u>\$ 3,111,847</u>	<u>\$ 4,709,309</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 295,411	\$ 32,747	\$ -	\$ -	\$ (262,664)	\$ -	\$ (262,664)
Public safety	752,025	24,518	265,863	1,584	(460,060)	-	(460,060)
Public works/streets	1,018,639	56,925	-	775,265	(186,449)	-	(186,449)
Parks and recreation	22,216	-	6,818	4,832	(10,566)	-	(10,566)
Affordable housing	23,034	-	-	-	(23,034)	-	(23,034)
Interest on long-term debt	11,712	-	-	-	(11,712)	-	(11,712)
Total governmental activities	<u>2,123,037</u>	<u>114,190</u>	<u>272,681</u>	<u>781,681</u>	<u>(954,485)</u>	<u>-</u>	<u>(954,485)</u>
Business-type activities:							
Water	221,515	218,215	-	68,000	-	64,700	64,700
Gas	512,344	474,458	-	-	-	(37,886)	(37,886)
Sewer	444,814	449,733	-	3,967	-	8,886	8,886
Irrigation	22,314	30,512	-	-	-	8,198	8,198
Total business-type activities	<u>1,200,987</u>	<u>1,172,918</u>	<u>-</u>	<u>71,967</u>	<u>-</u>	<u>43,898</u>	<u>43,898</u>
Total primary government	<u>\$ 3,324,024</u>	<u>\$ 1,287,108</u>	<u>\$ 272,681</u>	<u>\$ 853,648</u>	<u>(954,485)</u>	<u>43,898</u>	<u>(910,587)</u>
General Revenues:							
Taxes:							
Property tax					26,804	-	26,804
Sales tax					934,771	-	934,771
Other taxes					92,097	-	92,097
Franchise tax					5,208	-	5,208
Unrestricted investment earnings					241	48	289
Other revenues					4,576	-	4,576
Transfers					(30,500)	30,500	-
Total general revenues & transfers					<u>1,033,197</u>	<u>30,548</u>	<u>1,063,745</u>
Change in net position					78,712	74,446	153,158
Net position - beginning					1,618,734	3,037,401	4,656,135
Prior period adjustment					(99,984)	-	(99,984)
Net position - ending					<u>\$ 1,597,462</u>	<u>\$ 3,111,847</u>	<u>\$ 4,709,309</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2014**

<b>Assets</b>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 167,364	\$ 323,678	\$ 491,042
Accounts receivable	3,482	-	3,482
Property taxes receivable	29,794	-	29,794
Due from other governments	225,110	-	225,110
Total assets	<u>\$ 425,750</u>	<u>\$ 323,678</u>	<u>\$ 749,428</u>
 <b>Liabilities, Deferred Inflows, and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 9,829	-	\$ 9,829
Accrued liabilities	21,041	-	21,041
Total liabilities	<u>30,870</u>	<u>-</u>	<u>30,870</u>
 <b>Deferred inflows of resources:</b>			
Deferred revenue - property taxes	29,794	-	29,794
	<u>29,794</u>	<u>-</u>	<u>29,794</u>
 <b>Fund balances:</b>			
<b>Restricted for:</b>			
Emergency reserve	61,112	-	61,112
Public safety	-	640	640
Parks and recreation	-	33,012	33,012
Streets	-	33,840	33,840
Rock creek III	-	113,375	113,375
<b>Committed for:</b>			
Capital improvements	-	119,368	119,368
Façade loans	-	23,443	23,443
Unassigned	303,974	-	303,974
Total fund balances	<u>365,086</u>	<u>323,678</u>	<u>688,764</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 425,750</u>	 <u>\$ 323,678</u>	 <u>\$ 749,428</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2014**

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Total fund balances - governmental funds \$ 688,764

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

Some notes receivable are not available in the current period and therefore are not reported in the funds. 3,421

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	2,049,535	
Accumulated depreciation	(835,094)	
		1,214,441

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital leases payable	(10,595)
Bonds payable	(235,000)
Interest payable	(1,131)
Compensated absences	(62,438)

Total net position - governmental activities \$ 1,597,462

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

**TOWN OF IGNACIO, COLORADO**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 967,536	\$ -	\$ 967,536
Licenses and permits	33,037	-	33,037
Intergovernmental	375,845	785,991	1,161,836
Impact fees	-	4,832	4,832
Fines and forfeitures	4,473	-	4,473
Charges for services	46,333	-	46,333
Interest revenue	14	227	241
Other revenues	13,293	-	13,293
Total revenues	<u>1,440,531</u>	<u>791,050</u>	<u>2,231,581</u>
<b>Expenditures</b>			
Current:			
Legislative	16,771	-	16,771
Administration	226,404	316	226,720
Community development	39,653	-	39,653
Public safety	731,161	-	731,161
Public works	199,567	-	199,567
Parks	18,938	241	19,179
Debt service:			
Principal	121,201	-	121,201
Interest and fees	12,421	-	12,421
Capital outlay	<u>20,974</u>	<u>792,950</u>	<u>813,924</u>
Total expenditures	<u>1,387,090</u>	<u>793,507</u>	<u>2,180,597</u>
Excess of revenues over (under) expenditures	53,441	(2,457)	50,984
<b>Other financing sources (uses):</b>			
Transfers out	-	(30,500)	(30,500)
Insurance recoveries	<u>4,576</u>	<u>-</u>	<u>4,576</u>
Total other financing sources (uses)	<u>4,576</u>	<u>(30,500)</u>	<u>(25,924)</u>
Net change in fund balances	58,017	(32,957)	25,060
Fund balance, beginning of year	<u>307,069</u>	<u>356,635</u>	<u>663,704</u>
Fund balance, end of year	<u><u>\$ 365,086</u></u>	<u><u>\$ 323,678</u></u>	<u><u>\$ 688,764</u></u>

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

**TOWN OF IGNACIO, COLORADO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2014**

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

Net change in fund balances - total governmental funds	\$	25,060
Payments on notes receivable reported in the funds that provide current financial resources are reported as a reduction of notes receivable in the statement of net position.		(3,908)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay		28,111
Depreciation expense		<u>(88,877)</u>
		(60,766)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		121,201
Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.		709
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(3,584)</u>
Change in net position of governmental activities	\$	<u><u>78,712</u></u>

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

**TOWN OF IGNACIO, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2014**

	Water Fund	Gas Fund	Sewer Fund	Irrigation Fund	Combined Total
<b>Assets</b>					
Current assets:					
Cash	\$ 19,966	\$ 356,427	\$ 51,306	\$ 28,154	\$ 455,853
Accounts receivable	79,009	69,460	42,619	164	191,252
Total current assets	<u>98,975</u>	<u>425,887</u>	<u>93,925</u>	<u>28,318</u>	<u>647,105</u>
Capital assets:					
Land	16,974	-	-	-	16,974
Utility plant	1,824,707	1,634,545	518,132	-	3,977,384
Irrigation system	-	-	-	209,057	209,057
Equipment	66,251	112,726	17,500	-	196,477
Accumulated depreciation	(402,695)	(548,155)	(79,852)	(68,869)	(1,099,571)
Total capital assets	<u>1,505,237</u>	<u>1,199,116</u>	<u>455,780</u>	<u>140,188</u>	<u>3,300,321</u>
<b>Total assets</b>	<u>\$ 1,604,212</u>	<u>\$ 1,625,003</u>	<u>\$ 549,705</u>	<u>\$ 168,506</u>	<u>\$ 3,947,426</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	5,954	30,829	32,348	-	69,131
Accrued liabilities	1,118	4,261	779	-	6,158
Bonds payable - current	16,080	-	7,451	7,920	31,451
Compensated absences - current	1,668	6,452	1,300	142	9,562
Total current liabilities	<u>24,820</u>	<u>41,542</u>	<u>41,878</u>	<u>8,062</u>	<u>116,302</u>
Long-term liabilities:					
Bonds payable, net of current portion	275,370	-	308,277	135,630	719,277
Total long-term debt	<u>275,370</u>	<u>-</u>	<u>308,277</u>	<u>135,630</u>	<u>719,277</u>
Total liabilities	<u>300,190</u>	<u>41,542</u>	<u>350,155</u>	<u>143,692</u>	<u>835,579</u>
<b>Net position</b>					
Net investment in capital assets	1,213,787	1,199,116	140,052	(3,362)	2,549,593
Unrestricted	90,235	384,345	59,498	28,176	562,254
Total net position	<u>\$ 1,304,022</u>	<u>\$ 1,583,461</u>	<u>\$ 199,550</u>	<u>\$ 24,814</u>	<u>\$ 3,111,847</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Statement Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2014**

	Water Fund	Gas Fund	Sewer Fund	Irrigation Fund	Combined Total
<b>Operating revenues</b>					
Charges for services	\$ 218,215	\$ 474,458	\$ 449,733	\$ 30,512	\$ 1,172,918
Total operating revenues	218,215	474,458	449,733	30,512	1,172,918
<b>Operating expenses</b>					
Commodity purchases	110,140	243,941	-	-	354,081
Personnel services	47,015	171,893	31,007	5,537	255,452
Contracted services	6,181	7,362	377,196	1,288	392,027
Supplies	5,176	13,507	1,941	6,467	27,091
Repairs and maintenance	1,295	5,204	2,622	-	9,121
Administrative	3,287	18,463	1,629	-	23,379
Depreciation	37,378	44,139	15,970	3,583	101,070
Utilities	-	7,835	-	-	7,835
Total operating expenses	210,472	512,344	430,365	16,875	1,170,056
Operating income / (loss)	7,743	(37,886)	19,368	13,637	2,862
<b>Non-operating revenues (expenses)</b>					
Interest revenue	-	7	41	-	48
Capital grant	68,000	-	-	-	68,000
Impact fees	-	-	3,967	-	3,967
Interest	(11,043)	-	(14,449)	(5,439)	(30,931)
Total non-operating revenues (expenses)	56,957	7	(10,441)	(5,439)	41,084
<b>Income (loss) before transfers</b>	64,700	(37,879)	8,927	8,198	43,946
Transfers:					
Transfers in	30,500	-	-	-	30,500
<b>Change in net position</b>	95,200	(37,879)	8,927	8,198	74,446
Total net position, beginning of year	1,208,822	1,621,340	190,623	16,616	3,037,401
<b>Total net position, end of year</b>	<u>\$ 1,304,022</u>	<u>\$ 1,583,461</u>	<u>\$ 199,550</u>	<u>\$ 24,814</u>	<u>\$ 3,111,847</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2014**

	Water Fund	Gas Fund	Sewer Fund	Irrigation Fund	Combined Total
<b>Cash flows from operating activities:</b>					
Cash received from customers, service fees	\$ 159,651	\$ 524,234	\$ 449,472	\$ 30,603	\$ 1,163,960
Cash paid to suppliers	(129,182)	(320,668)	(383,269)	(7,914)	(841,033)
Cash paid to employees	(46,918)	(169,740)	(31,190)	(6,178)	(254,026)
Net cash flows from operating activities	<u>(16,449)</u>	<u>33,826</u>	<u>35,013</u>	<u>16,511</u>	<u>68,901</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers from/(to) other funds	30,500	-	-	-	30,500
Net cash flows from noncapital financing activities	<u>30,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,500</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	(97,143)	(20,421)	-	-	(117,564)
Capital grants	68,000	-	-	-	68,000
Principal paid on long-term debt	-	-	(7,100)	-	(7,100)
Interest paid	(11,043)	-	(14,449)	(5,439)	(30,931)
Connection and tap fees	-	-	3,967	-	3,967
Net cash flows from capital and related financing activities	<u>(40,186)</u>	<u>(20,421)</u>	<u>(17,582)</u>	<u>(5,439)</u>	<u>(83,628)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	-	7	41	-	48
Net change in cash and cash equivalents	(26,135)	13,412	17,472	11,072	15,821
Cash and cash equivalents, beginning of year	46,101	343,014	33,834	17,082	440,031
<b>Cash and cash equivalents, end of year</b>	<u>\$ 19,966</u>	<u>\$ 356,426</u>	<u>\$ 51,306</u>	<u>\$ 28,154</u>	<u>\$ 455,852</u>
Reconciliation of operating income to net cash provided by operating activities:					
Net operating income (loss)	\$ 7,743	\$ (37,886)	\$ 19,368	\$ 13,637	\$ 2,862
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation/amortization	37,378	44,139	15,970	3,583	101,070
Changes in operating assets and liabilities:					
(Increase)/decrease in receivables	(58,564)	49,776	(261)	91	(8,958)
Increase/(decrease) in payables	(3,103)	(24,356)	119	(159)	(27,499)
Increase/(decrease) in accrued liabilities	97	2,153	(183)	(641)	1,426
Net cash flows from operating activities	<u>\$ (16,449)</u>	<u>\$ 33,826</u>	<u>\$ 35,013</u>	<u>\$ 16,511</u>	<u>\$ 68,901</u>

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

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1. Summary of Significant Accounting Policies**

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**Description of 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**Reporting Entity**

The Town of Ignacio is a statutory municipality with a mayor – Board form of government with six elected Board members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Town has no component units.

**Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of presentation – fund financial statements**

The fund financial statements provide information about the government’s funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **General Fund** is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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The government reports the following major enterprise funds:

The **Water Fund** accounts for the activities of the Town related to supplying water services to the citizens of the Town.

The **Gas Fund** accounts for the activities of the Town related to supplying natural gas services to the citizens of the Town.

The **Sewer Fund** accounts for the activities of the Town related to supplying sewer services to the citizens of the Town.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and economic development funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

***Deposits and Investments***

The Town's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

***Prepaid items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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*Capital assets*

Capital assets, which include; property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Utility plant and distribution system	7 to 50 years
Machinery, equipment and vehicles	7 to 20 years
Infrastructure	20 to 40 years

*Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, deferred revenue – property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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*Fund balance flow assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board (board) has by resolution authorized the town manager to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and expenditures/expenses**

*Program revenues*

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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*Property Taxes*

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as deferred revenue in the governmental funds. Property taxes for the current year are levied by the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

*Compensated Absences*

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

*Proprietary funds operating and nonoperating revenues and expenses*

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

**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 the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation.

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**Note 3. Stewardship, Compliance, and Accountability**

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Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

**Budgets and Budgetary Accounting**

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

- In accordance with State statutes, prior to October 15, the Town Treasurer submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administration control. The level of control for the detailed budgets is at the Fund level.
- Public hearings are conducted to obtain taxpayer comment.
- Prior to December 31, the budget is legally adopted through passage of a resolution.
- The Town Treasurer is required to present a monthly report to the Town Board explaining any variance from the approved budget.
- Formal budgetary integration is employed as a management control device during the year for all funds of the Town.
- Appropriations lapse at the end of each calendar year.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 3. Stewardship, Compliance, and Accountability, Continued**

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- The Town Board may authorize supplemental appropriations during the year.

Budget amounts included in the financial statements report both the original and final amended budget. There were revisions made to the original budget during the year.

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, 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.

**Expenditures over Appropriations**

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Board. The Board by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual reports as listed in the table of contents report those funds that exceeded approved budget appropriations. No funds incurred expenditures/expenses over appropriations for the year ended December 31, 2014.

**Tax, Spending and Debt Limitations**

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations in the Amendment’s language in order to determine its compliance.

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**Note 4. Deposits and Investments**

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A summary of cash and investments as shown on the statement of net position follows:

Cash on hand	\$ 100
Cash in bank	946,795
Total cash and investments	<u>\$ 946,895</u>

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 4. Deposits and Investments, Continued**

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**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk; however, the Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2014 cash on hand was \$100 and the carrying amount of the Town's deposits was \$946,895. As of December 31, 2014 the bank balance of the Town's deposits was \$946,795 of which \$250,000 was insured by federal depository insurance and \$696,795 was collateralized by the PDPA as noted above.

**Investments**

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 Town's investment policy follows Colorado statutes.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which limits investment in commercial paper and corporate bonds to the top ratings issued by at least two nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 5. Capital Assets**

The following table summarizes the changes to capital assets for governmental activities during the year.

<b>Governmental Activities:</b>	<b>Balance 12/31/2013</b>	<b>Prior Period Adjustment</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2014</b>
Capital assets, not being depreciated:					
Land	\$ 215,237	\$ -	\$ -	\$ -	\$ 215,237
Construction in progress	99,984	(99,984)	-	-	-
Total capital assets, not being depreciated	<u>315,221</u>	<u>(99,984)</u>	<u>-</u>	<u>-</u>	<u>215,237</u>
Capital assets, being depreciated:					
Buildings & improvements	541,957	-	7,137	-	549,094
Machinery and equipment	113,949	-	-	-	113,949
Vehicles	504,113	-	20,974	-	525,087
Infrastructure	646,168	-	-	-	646,168
Total capital assets, being depreciated	<u>1,806,187</u>	<u>-</u>	<u>28,111</u>	<u>-</u>	<u>1,834,298</u>
Less accumulated depreciation for:					
Buildings & improvements	(311,741)	-	(14,264)	-	(326,005)
Machinery and equipment	(82,815)	-	(3,842)	-	(86,657)
Vehicles	(307,321)	-	(42,289)	-	(349,610)
Infrastructure	(44,340)	-	(28,482)	-	(72,822)
Total accumulated depreciation	<u>(746,217)</u>	<u>-</u>	<u>(88,877)</u>	<u>-</u>	<u>(835,094)</u>
Total capital assets, being depreciated, net	<u>1,059,970</u>	<u>-</u>	<u>(60,766)</u>	<u>-</u>	<u>999,204</u>
Governmental activities capital assets, net	<u>\$ 1,375,191</u>	<u>\$ (99,984)</u>	<u>\$ (60,766)</u>	<u>\$ -</u>	<u>\$ 1,214,441</u>

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

<b>Governmental Activities:</b>	
General government	\$ 10,149
Public safety	18,377
Public works/streets	39,226
Parks & recreation	3,441
Affordable housing	17,684
Total depreciation expense - governmental activities	<u>\$ 88,877</u>

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 5. Capital Assets, Continued**

The following table summarizes the changes to capital assets for business-type activities during the year.

<b>Business Type Activities:</b>	<b>Balance 12/31/2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2014</b>
Capital assets not being depreciated:				
Land	\$ 16,974	\$ -	\$ -	\$ 16,974
Total capital assets, not being depreciated	<u>16,974</u>	<u>-</u>	<u>-</u>	<u>16,974</u>
Capital assets being depreciated:				
Utility plant	3,880,241	97,143	-	3,977,384
Irrigation system	209,057	-	-	209,057
Machinery and equipment	<u>176,056</u>	<u>20,421</u>	<u>-</u>	<u>196,477</u>
Total capital assets, being depreciated	<u>4,265,354</u>	<u>117,564</u>	<u>-</u>	<u>4,382,918</u>
Less accumulated depreciation for:				
Utility plant	(834,187)	(87,082)	-	(921,269)
Irrigation system	(65,285)	(3,584)	-	(68,869)
Machinery and equipment	<u>(99,028)</u>	<u>(10,405)</u>	<u>-</u>	<u>(109,433)</u>
Total accumulated depreciation	<u>(998,500)</u>	<u>(101,071)</u>	<u>-</u>	<u>(1,099,571)</u>
Total capital assets, being depreciated, net	<u>3,266,854</u>	<u>16,493</u>	<u>-</u>	<u>3,283,347</u>
Business-type activities capital assets, net	<u>\$ 3,283,828</u>	<u>\$ 16,493</u>	<u>\$ -</u>	<u>\$ 3,300,321</u>

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

<b>Business-Type Activities:</b>	
Sewer	\$ 15,970
Irrigation	3,584
Water	37,378
Gas	<u>44,139</u>
Total depreciation expense - business-type activities	<u>\$ 101,071</u>

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 6. Long-Term Debt**

The following is a summary of changes in long-term obligations for the year ended December 31, 2014:

	<u>Balance</u> 12/31/2013	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/2014	<u>Current</u> <u>Portion</u>
<b>Governmental Activities:</b>					
2004 A Sales Tax Revenue Refunding Bonds	\$ 346,000	\$ -	\$ (111,000)	\$ 235,000	\$ 115,000
Capital Lease - Dump Truck	20,796	-	(10,201)	10,595	10,595
Compensated absences	<u>58,854</u>	<u>52,637</u>	<u>(49,053)</u>	<u>62,438</u>	<u>62,438</u>
Total Governmental activity					
Long-term liabilities	<u>\$ 425,650</u>	<u>\$ 52,637</u>	<u>\$ (170,254)</u>	<u>\$ 308,033</u>	<u>\$ 188,033</u>
<b>Business-Type Activities:</b>					
Sewer Revenue Bonds	\$ 322,828	\$ -	\$ (7,100)	\$ 315,728	\$ 7,451
Water Loan Refunding	291,450	-	-	291,450	16,080
Irrigation Loan Refunding	143,550	-	-	143,550	7,920
Compensated absences	<u>9,191</u>	<u>8,027</u>	<u>(7,656)</u>	<u>9,562</u>	<u>9,562</u>
Total Business-type activity					
Long-term liabilities	<u>\$ 767,019</u>	<u>\$ 8,027</u>	<u>\$ (14,756)</u>	<u>\$ 760,290</u>	<u>\$ 41,013</u>

Long-term liabilities for the primary government at December 31, 2014 are comprised of the following:

**Governmental Activities:**

**Bonds Payable**

2004 A & B Sales Tax Revenue Refunding Bonds issued April 24, 2004, secured by 100% of the revenue derived from the Town's share of the La Plata County 2% sales tax, bearing interest at 4%, due in semi-annual interest and annual principal installments ranging from \$65,000 to \$120,000, maturing June 2016.

\$ 235,000

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 6. Long-Term Debt, Continued**

**Business-Type Activities:**

**Bonds payable:**

USDA Sewer Revenue Bond assumed when the Town absorbed the local Sanitation District in 2010, bearing interest at 4.5%, due in semi-annual installments of \$10,789, maturing December 2038.	\$ 315,728
Water Refunding Bonds Series 2013, issued December 2013, bearing interest at 4%, due in monthly installments of principal and interest installments ranging from \$972 to \$2,888, maturing December 2028.	291,450
Irrigation Refunding Bonds Series 2013, issued December 2013, bearing interest at 4%, due in monthly installments of principal and interest installments ranging from \$479 to \$1,422, maturing December 2028.	143,550
	\$ 750,728
Total bonds payable	\$ 985,728

Debt service requirements to maturity are as follows:

Years ending December 31:	Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2015	31,451	31,087	115,000	7,100
2016	32,790	29,781	120,000	2,400
2017	33,144	28,407	-	-
2018	35,515	26,973	-	-
2019	36,902	25,506	-	-
2020-2024	207,970	103,224	-	-
2025-2029	212,672	56,786	-	-
2030-2034	79,540	28,351	-	-
2035-2038	80,744	8,631	-	-
	\$ 750,728	\$ 338,746	\$ 235,000	\$ 9,500

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 7. Capital Leases Payable**

The Town has entered into lease agreements, which are considered capital leases in accordance with Financial Accounting Standard Board ASC 840-30-25. The leases are shown in the governmental activities of the government-wide statements.

The following is an annual schedule of future minimum lease payments with interest rates of 4 and 5 percent under the capital leases, together with the present value of the net minimum lease payments:

<u>December 31,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2015	\$ 11,002	-
Total remaining lease payments	\$ 11,002	\$ -
Less: Amount representing interest	(407)	-
Present value of net remaining minimum lease payments	<u>\$ 10,595</u>	<u>\$ -</u>

A summary of assets acquired through capital leases follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Vehicles	\$ 65,103	\$ -
Accumulated depreciation	(39,062)	-
Net total	<u>\$ 26,041</u>	<u>\$ -</u>

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

**Note 8. Interfund Transfers**

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfers Out:	
Transfers In:	Capital Improvement Fund	Total
Water Fund	30,500	30,500
	\$ 30,500	\$ 30,500

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9. Pension Plans**

**General Employees Retirement**

Town employees, except public safety, are covered under a 401(a) defined contribution plan through the Ignacio Retirement Plan maintained and administered by the International City Manager’s Association Retirement Corporation, through the Colorado County Officials and Employees Retirement Association. Employees covered by this plan are eligible to participate from the date of employment. Under the terms of the defined contribution plan, participants are required to contribute at minimum 5% of their base salary while another 5% contribution on the employee’s base salary is made by the Town. Vesting begins immediately upon participation with 100% vesting occurring after one year of credited service. Defined contribution plans are not required to have actuarial valuations performed. The portion of the Town’s contributions for, and interest forfeited by employees who leave employment before one year of service is used to reduce the Town’s current period contribution requirement. The payroll for the Town as of December 31, 2014 was \$884,071, and payroll for employees covered by this plan was \$398,193. The contributions made by the Town and employees were \$19,422 and \$19,422, respectively. The plan provisions and the required contribution rates of the Town and the employees are established and amended by the Town Board of Trustees.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 9. Pension Plans, Continued**

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**Police Pension – Defined Benefit Pension Plan**

All of the town's full-time policemen participate in the Fire and Police Pension Association New Hire Pension fund (the Fund), a multiple-employer cost sharing defined benefit plan. The FPPA issues a publicly available report that may be obtained by writing FPPA, 5290 DTC Parkway, Suite 100, Englewood, CO. The payroll for employees covered by the Fund for the year ended December 31, 2014 was \$485,878. The Town's total payroll was \$884,071.

The Town's full-time policemen are eligible to participate in the plan. Employees are eligible for retirement benefits upon reaching age 55 with twenty-five or more years of credited service. Such benefits are equivalent to 2% of the average of the member's highest paid three years base salary multiplied by the member's years of credited service prior to age 60, not to exceed 25 years.

A member is eligible for early retirement benefits after completion of 30 years of service or attainment of age 50. The benefit is the normal retirement benefit reduced by one-half of one percent for each month that the benefit commences prior to age 60.

For members who continue to work after their normal retirement, the benefits will be increased by 2% of the member's highest average three years base salary, multiplied by the member's years of service after their normal retirement date. The maximum benefit which will be paid by the plan is 70% of average pay. Benefits are established by State Statute.

In lieu of a future pension, a member may, upon termination, elect to have the accumulated contributions refunded in a lump sum. In addition to receiving the accumulated contributions, the member shall receive 5% of total accumulated contributions as interest.

The Town and member's contributions in to the plan are defined by State Statute. The requirement for the Town and the members are to contribute 8% of the member's annual base salary to the plan.

Annually, at the discretion of the Fund's Board of Director's, the difference between the combined member/employer contribution and the actuarially determined contribution rate may be allocated to the Stabilization Reserve Account (SRA). Amounts set aside in the SRA are allocated to individual accounts for each new member hire. A member receives amounts in his or her individual account only upon election of normal, early, disability or vested retirement. If the costs of the defined pension benefit plan exceed the combined member/employer contribution rate, funds from the SRA will make up the shortfall. If a member has less than 10 years of service, the SRA account is forfeited. These contributions are credited to the participant's division for the purpose of creating actuarial reserves so each employee's benefits will be fully provided for upon retirement.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 9. Pension Plans, Continued**

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Contributions to the plan for the year ended December 31, 2014 and the preceding two years were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Employer contributions	\$ 31,243	\$ 28,036	\$ 25,500
Employee contributions	<u>31,243</u>	<u>28,036</u>	<u>25,500</u>
Total	<u><u>62,486</u></u>	<u><u>56,072</u></u>	<u><u>51,000</u></u>

**Statewide Death and Disability Plan**

Plan description – The plan is a multi-employer cost sharing defined benefit plan covering full-time employees of substantially all fire and police departments in Colorado. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes.

Contributions – Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. In addition, there were 11 contributing employers as of December 31, 2001 who have elected supplementary coverage by the statewide plan.

The state made a one-time contribution in 1997 of \$39 million to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997 contribute a percentage of the payroll based on actuarial experience. The percent contributed in fiscal year 2014 was 2.09%. In 2014, the Town contributed \$10,154 for Accidental Death and Disability.

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**Note 10. Risk Management**

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

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1155, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 10. Risk Management , Continued**

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The purposes of CIRSA are to provide members defined liability and property coverage's and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

The Town is insured by CIRSA/WC (Workers Compensation), a separate insurance pool, for potential worker related accidents.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage's at reasonable costs. All income and assets of CIRSA shall at all times be dedicated to the exclusive benefit of its members.

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

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

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**Note 11. Long-Term Contracts**

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Water Agreement

In December 1998, the Town amended their water supply agreement with the Southern Ute Indian Tribe (Tribe) for processing and purchasing water. The Tribe owns and maintains a water treatment plant and a distribution system that is connected to the Town's water distribution system. The Town is required to make monthly payments to the Tribe according to the water delivered to the Town at the Town Master Meters during the prior month. Water rate adjustments are set by the Tribal Council. In addition, the Town collects Tribal Water System Plant Investment Fees to be remitted to the Tribe. This agreement continues unless modified or terminated by either party in writing at least three years in advance of the proposed termination date.

**TOWN OF IGNACIO, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**Note 11. Long-Term Contracts, Continued**

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Natural Gas Agreement

On December 19, 2008, the Town amended their natural gas agreement with the Southern Ute Indian Tribe (Tribe) for transporting natural gas to the Custody Transfer Point wherein the Town has sole responsibility for transporting the gas from the Custody Transfer Point to its customers or other destinations. The price to be paid to the Tribe by the Town for each month of delivered gas is the Inside Ferc's Gas Market Report Price of Spot Gas Delivered to Pipelines, El Paso Natural Gas, San Juan Basin, reported for each applicable month (the SJB Price), plus an amount equal to 20% of the SJB Price, per mcf of gas delivered to the Custody Transfer Point. The agreement will continue for 10 years unless modified or terminated by mutual agreement. Automatic renewals for five years occur after the initial 10 years are ended. Termination of the agreement requires a 1 year prior written notice.

Wastewater Treatment and Collection Services Agreement

On November 18, 2009, the Town amended their wastewater treatment service agreement with the Southern Ute Indian Tribe (Tribe) wherein the Tribe has sole responsibility for wastewater treatment service to the Town and the Town Service Area through the Tribal Wastewater System. The Town agreed to pay the Tribe a monthly user fee per ERT for each customer of the Town. In addition, Plant Investment Fees and Readiness to Serve fees are required according to the agreement. The term of the agreement is for 10 years unless termination by either party in accordance with other terms of the agreement or by delivery of at least three years advance written notice.

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**Note 12. Prior Period Adjustment**

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The Town capitalized street expenses as construction in progress totaling \$99,984 for the CR320 road project in 2013. Upon further review, management determined that the CR320 is owned by La Plata County and the street improvements will be owned by the County upon completion of the project. Therefore, a prior period adjustment was recorded to decrease beginning net position and decrease beginning construction in progress by \$99,984. Also see note 5.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**FOR THE FOLLOWING MAJOR FUNDS:**

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

**TOWN OF IGNACIO, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Taxes:</b>				
Property tax	\$ 27,400	\$ 27,400	\$ 26,804	\$ (596)
Specific ownership taxes	1,800	1,800	2,341	541
City sales tax	260,000	260,000	223,699	(36,301)
County sales tax	634,500	650,500	709,065	58,565
Franchise tax	6,500	6,500	5,208	(1,292)
Payment in lieu	300	300	419	119
Total taxes	<u>930,500</u>	<u>946,500</u>	<u>967,536</u>	<u>21,036</u>
<b>Licenses, permits and fees:</b>				
Liquor licenses	1,700	1,700	1,795	95
Permits	13,700	23,925	26,117	2,192
Business licenses	2,500	2,500	2,095	(405)
Animal licenses	100	100	420	320
Other licenses	2,000	2,000	2,610	610
Total licenses, permits and fees	<u>20,000</u>	<u>30,225</u>	<u>33,037</u>	<u>2,812</u>
<b>Intergovernmental:</b>				
Cigarette taxes	1,700	1,700	2,007	307
Motor vehicle registrations	3,000	3,000	3,157	157
Mineral lease	8,000	16,400	16,405	5
State grants	46,765	46,765	48,789	2,024
Highway user tax	21,860	21,860	22,544	684
Severance tax	21,000	44,800	44,820	20
County road and bridge	2,800	2,800	2,410	(390)
Other intergovernmental	219,879	219,879	235,713	15,834
Total intergovernmental	<u>325,004</u>	<u>357,204</u>	<u>375,845</u>	<u>18,641</u>
<b>Fines and forfeitures:</b>				
Court fines	1,500	1,500	4,473	2,973
Total fines and forfeitures	<u>1,500</u>	<u>1,500</u>	<u>4,473</u>	<u>2,973</u>
<b>Charges for services:</b>				
Trash	37,000	37,000	36,698	(302)
Snow removal	6,500	6,500	6,500	-
Planning zoning fees	3,000	3,000	-	(3,000)
Other fees	1,500	1,500	3,135	1,635
Total charges for services	<u>48,000</u>	<u>48,000</u>	<u>46,333</u>	<u>(1,667)</u>
<b>Interest:</b>				
Interest revenue	100	100	14	(86)
Total interest	<u>100</u>	<u>100</u>	<u>14</u>	<u>(86)</u>
<b>Other revenues:</b>				
Other revenues	11,770	11,770	13,293	1,523
Total other revenues	<u>11,770</u>	<u>11,770</u>	<u>13,293</u>	<u>1,523</u>
Total revenues	<u>1,336,874</u>	<u>1,395,299</u>	<u>1,440,531</u>	<u>45,232</u>

(continued)

**TOWN OF IGNACIO, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual, (Continued)**  
**For the Year Ended December 31, 2014**

<b>Expenditures</b>	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Legislative</b>				
Personnel services	11,585	11,585	10,593	992
Supplies	1,000	1,000	328	672
Purchased services	1,875	1,875	1,562	313
Other	300	300	4,288	(3,988)
Total Legislative	<u>14,760</u>	<u>14,760</u>	<u>16,771</u>	<u>(2,011)</u>
<b>Administration:</b>				
Personnel services	139,097	139,097	144,760	(5,663)
Supplies	12,316	12,316	7,889	4,427
Purchased services	16,515	30,865	24,653	6,212
Repairs and maintenance	4,634	4,634	1,562	3,072
Grants and contributions	9,857	9,857	9,857	-
Utilities	6,210	6,210	6,122	88
Other	27,944	32,944	31,561	1,383
Total Administration	<u>216,573</u>	<u>235,923</u>	<u>226,404</u>	<u>9,519</u>
<b>Community Development:</b>				
Personnel services	32,076	32,076	39,284	(7,208)
Purchased services	1,200	1,200	369	831
Total Public Safety	<u>33,276</u>	<u>33,276</u>	<u>39,653</u>	<u>(6,377)</u>
<b>Public Safety:</b>				
Personnel services	609,958	609,958	632,836	(22,878)
Supplies	20,731	20,731	15,525	5,206
Purchased services	3,475	3,475	3,125	350
Repairs and maintenance	12,764	12,764	8,712	4,052
Grants and contributions	7,920	7,920	7,419	501
Utilities	10,106	10,106	10,235	(129)
Other	41,795	41,795	53,309	(11,514)
Total Public Safety	<u>706,749</u>	<u>706,749</u>	<u>731,161</u>	<u>(24,412)</u>
<b>Public Works:</b>				
Personnel services	82,735	82,735	79,618	3,117
Supplies	14,038	14,038	12,822	1,216
Purchased services	35,880	35,880	33,638	2,242
Repairs and maintenance	63,256	63,256	44,660	18,596
Utilities	-	-	232	(232)
Other	27,820	27,820	28,597	(777)
Total Public Works	<u>223,729</u>	<u>223,729</u>	<u>199,567</u>	<u>24,162</u>

(continued)

**TOWN OF IGNACIO, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual, (Continued)**  
**For the Year Ended December 31, 2014**

<b>Expenditures</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Parks:</b>				
Personnel services	12,745	12,745	13,318	(573)
Supplies	4,000	4,000	3,109	891
Purchased services	405	405	363	42
Repairs and maintenance	189	189	161	28
Utilities	1,975	1,975	1,822	153
Other	1,500	1,500	165	1,335
<b>Total Parks</b>	<b>20,814</b>	<b>20,814</b>	<b>18,938</b>	<b>1,876</b>
<b>Debt Service:</b>				
Principal	133,623	133,623	121,201	12,422
Interest	-	-	12,421	(12,421)
<b>Total debt service</b>	<b>133,623</b>	<b>133,623</b>	<b>133,622</b>	<b>1</b>
<b>Capital outlay:</b>				
Capital outlay	21,000	21,000	20,974	26
<b>Total capital outlay</b>	<b>21,000</b>	<b>21,000</b>	<b>20,974</b>	<b>26</b>
<b>Total expenditures</b>	<b>1,370,524</b>	<b>1,389,874</b>	<b>1,387,090</b>	<b>2,784</b>
Excess of revenues over (under) expenditures	(33,650)	5,425	53,441	48,016
<b>Other financing sources (uses):</b>				
Transfer out	(10,000)	(10,000)	-	10,000
Insurance reimbursement	-	4,575	4,576	1
<b>Total other financing sources (uses)</b>	<b>(10,000)</b>	<b>(5,425)</b>	<b>4,576</b>	<b>10,001</b>
Net change in fund balance	(43,650)	-	58,017	58,017
Fund balance, beginning of year	307,069	307,069	307,069	-
Fund balance, end of year	<u>\$ 263,419</u>	<u>\$ 307,069</u>	<u>\$ 365,086</u>	<u>\$ 58,017</u>

**TOWN OF IGNACIO, COLORADO**  
**SUPPLEMENTARY INFORMATION**  
**COMBINING STATEMENTS**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds**

The **Economic Development Fund** is used to account for revenues and expenditures to develop affordable housing for the Town.

The **Conservation Trust Fund** accounts for the State of Colorado lottery funds to be used for parks and recreation services and capital investment.

**Nonmajor Capital Project Funds**

The **Capital Improvement Fund** accounts for acquisition or construction of major capital facilities (other than those belonging to enterprise funds).

The **Impact Fees Fund** accounts for impact fees charged on development to offset increased costs to the Town.

**TOWN OF IGNACIO, COLORADO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2014**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total</u>
	<u>Economic Development</u>	<u>Conservation Trust</u>	<u>Capital Improvement</u>	<u>Impact Fees</u>	
<b>Assets</b>					
Cash	\$ 136,818	\$ 23,978	\$ 119,368	\$ 43,514	\$ 323,678
Total assets	<u>\$ 136,818</u>	<u>\$ 23,978</u>	<u>\$ 119,368</u>	<u>\$ 43,514</u>	<u>\$ 323,678</u>
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for:					
Parks and recreation	-	23,978	-	9,034	33,012
Streets	-	-	-	33,840	33,840
Public safety	-	-	-	640	640
Rock creek III	113,375	-	-	-	113,375
Committed for:					
Façade loans	23,443	-	-	-	23,443
Capital improvements	<u>-</u>	<u>-</u>	<u>119,368</u>	<u>-</u>	<u>119,368</u>
Total fund balance	<u>136,818</u>	<u>23,978</u>	<u>119,368</u>	<u>43,514</u>	<u>323,678</u>
Total liabilities and fund balance	<u>\$ 136,818</u>	<u>\$ 23,978</u>	<u>\$ 119,368</u>	<u>\$ 43,514</u>	<u>\$ 323,678</u>

**TOWN OF IGNACIO, COLORADO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2014**

	Special Revenue		Capital Projects		Total
	Economic Development	Conservation Trust	Capital Improvement	Impact Fees Fund	
<b>Revenues</b>					
Intergovernmental	\$ 3,908	\$ 6,818	\$ 775,265	\$ -	\$ 785,991
Impact fees	-	-	-	4,832	4,832
Interest revenue	212	6	-	9	227
Total revenues	<u>4,120</u>	<u>6,824</u>	<u>775,265</u>	<u>4,841</u>	<u>791,050</u>
<b>Expenditures</b>					
Current:					
Parks and trails - other	-	241	-	-	241
Administrative	-	-	25	-	25
Personnel services	-	-	276	-	276
Supplies	15	-	-	-	15
Capital Outlay	5,350	6,675	779,559	1,366	792,950
Total expenditures	<u>5,365</u>	<u>6,916</u>	<u>779,860</u>	<u>1,366</u>	<u>793,507</u>
Excess of revenues over (under) expenditures	<u>(1,245)</u>	<u>(92)</u>	<u>(4,595)</u>	<u>3,475</u>	<u>(2,457)</u>
<b>Other financing sources (uses):</b>					
Transfers out	-	-	(30,500)	-	(30,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30,500)</u>	<u>-</u>	<u>(30,500)</u>
Net change in fund balances	(1,245)	(92)	(35,095)	3,475	(32,957)
Fund balance, beginning of year	138,063	24,070	154,463	40,039	356,635
Fund balance, end of year	<u>\$ 136,818</u>	<u>\$ 23,978</u>	<u>\$ 119,368</u>	<u>\$ 43,514</u>	<u>\$ 323,678</u>

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**TOWN OF IGNACIO, COLORADO**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**FOR THE FOLLOWING FUNDS:**

**Nonmajor Special Revenue Funds**

The **Economic Development Fund** is used to account for revenues and expenditures to develop affordable housing for the Town.

The **Conservation Trust Fund** accounts for the State of Colorado lottery funds to be used for parks and recreation services and capital investment.

**Nonmajor Capital Project Funds**

The **Capital Improvement Fund** accounts for acquisition or construction of major capital facilities (other than those belonging to enterprise funds).

The **Impact Fees Fund** accounts for impact fees charged on development to offset increased costs to the Town.

**Major and Nonmajor Enterprise Funds**

Enterprise Funds are used to 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. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

The **Water Fund** accounts for the activities of the Town related to supplying water services to the citizens of the Town.

The **Gas Fund** accounts for the activities of the Town related to supplying natural gas services to the citizens of the Town.

The **Sewer Fund** accounts for the activities of the Town related to supplying sewer services to the citizens of the Town.

The **Irrigation Fund** accounts for user charges and contract payments for providing irrigation water handling services to the citizens of the Town.

**TOWN OF IGNACIO, COLORADO**  
**Economic Development Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 8,500	\$ 8,500	\$ 3,908	\$ (4,592)
Interest	700	700	212	(488)
Total revenues	<u>9,200</u>	<u>9,200</u>	<u>4,120</u>	<u>(5,080)</u>
<b>Expenditures</b>				
Miscellaneous	18,000	18,000	-	18,000
Supplies	-	-	15	(15)
Capital outlay	10,000	10,000	5,350	4,650
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>5,365</u>	<u>22,635</u>
Net change in fund balance	(18,800)	(18,800)	(1,245)	17,555
Fund balance, beginning of year	<u>138,063</u>	<u>138,063</u>	<u>138,063</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 119,263</u></u>	<u><u>\$ 119,263</u></u>	<u><u>\$ 136,818</u></u>	<u><u>\$ 17,555</u></u>

**TOWN OF IGNACIO, COLORADO**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$35,500	\$35,500	\$6,818	(\$28,682)
Interest revenue	20	20	6	(14)
Total revenue	<u>35,520</u>	<u>35,520</u>	<u>6,824</u>	<u>(28,696)</u>
<b>Expenditures</b>				
Other	400	400	241	159
Capital Outlay	46,000	46,000	6,675	39,325
Total expenditures	<u>46,400</u>	<u>46,400</u>	<u>6,916</u>	<u>39,484</u>
Net change in fund balance	(10,880)	(10,880)	(92)	10,788
Fund balance, beginning of year	<u>24,070</u>	<u>24,070</u>	<u>24,070</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,190</u>	<u>\$ 13,190</u>	<u>\$ 23,978</u>	<u>\$ 10,788</u>

**TOWN OF IGNACIO, COLORADO**  
**Capital Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 2,802,237	\$ 2,802,237	\$ 775,265	\$ (2,026,972)
Total revenue	<u>2,802,237</u>	<u>2,802,237</u>	<u>775,265</u>	<u>(2,026,972)</u>
<b>Expenditures</b>				
Personnel services	-	-	276	(276)
Administrative	-	-	25	(25)
Capital outlay	<u>3,274,933</u>	<u>3,274,933</u>	<u>779,559</u>	<u>2,495,374</u>
Total expenditures	<u>3,274,933</u>	<u>3,274,933</u>	<u>779,860</u>	<u>2,495,073</u>
Excess of revenues over (under) expenditures	<u>(472,696)</u>	<u>(472,696)</u>	<u>(4,595)</u>	<u>468,101</u>
Other financing sources (uses):				
Transfers in	10,000	10,000	-	(10,000)
Transfers out	<u>(30,500)</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Total other financing sources (uses):	<u>(20,500)</u>	<u>(20,500)</u>	<u>(30,500)</u>	<u>(10,000)</u>
Net change in fund balance	(493,196)	(493,196)	(35,095)	458,101
Fund balance, beginning of year	<u>154,463</u>	<u>154,463</u>	<u>154,463</u>	<u>-</u>
Fund balance, end of year	<u>\$ (338,733)</u>	<u>\$ (338,733)</u>	<u>\$ 119,368</u>	<u>\$ 458,101</u>

**TOWN OF IGNACIO, COLORADO**  
**Impact Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Impact fees	\$ 4,146	\$ 4,146	\$ 4,832	\$ 686
Interest revenue	30	30	9	(21)
Total revenue	<u>4,176</u>	<u>4,176</u>	<u>4,841</u>	<u>665</u>
<b>Expenditures</b>				
Capital outlay	<u>4,146</u>	<u>4,146</u>	<u>1,366</u>	<u>2,780</u>
Total expenditures	<u>4,146</u>	<u>4,146</u>	<u>1,366</u>	<u>2,780</u>
Excess of revenues over (under) expenditures	<u>30</u>	<u>30</u>	<u>3,475</u>	<u>3,445</u>
Net change in fund balance	30	30	3,475	3,445
Fund balance, beginning of year	<u>40,039</u>	<u>40,039</u>	<u>40,039</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 40,069</u></u>	<u><u>\$ 40,069</u></u>	<u><u>\$ 43,514</u></u>	<u><u>\$ 3,445</u></u>

**TOWN OF IGNACIO, COLORADO**  
**Water Fund**  
**Schedule of Revenues, Expenses and Changes in Available Resources**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 212,200	\$ 212,200	\$ 218,215	\$ 6,015
Intergovernmental revenue	70,000	70,000	68,000	-
Transfers in	30,500	30,500	30,500	-
Total revenues	<u>312,700</u>	<u>312,700</u>	<u>316,715</u>	<u>6,015</u>
<b>Expenditures</b>				
Commodity purchases	101,300	111,300	110,140	1,160
Personnel services	46,119	46,119	47,015	(896)
Contracted services	9,525	9,525	6,181	3,344
Supplies	4,819	4,819	5,176	(357)
Repairs and maintenance	1,804	1,804	1,295	509
Administrative	5,120	5,120	3,287	1,833
Capital outlay	98,910	98,910	-	98,910
Debt service	12,862	12,862	11,043	1,819
Total expenditures	<u>280,459</u>	<u>290,459</u>	<u>184,137</u>	<u>106,322</u>
Change in net position - budget basis	<u>\$ 32,241</u>	<u>\$ 22,241</u>	132,578	<u>\$ 112,337</u>
GAAP Basis Adjustments				
Depreciation			<u>(37,378)</u>	
Change in net position - GAAP basis			95,200	
Net position, beginning of year			<u>1,208,822</u>	
<b>Net position, end of year</b>			<u><u>\$ 1,304,022</u></u>	

**TOWN OF IGNACIO, COLORADO**  
**Gas Fund**  
**Schedule of Revenues, Expenses and Changes in Available Resources**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 567,060	\$ 482,060	\$ 474,458	\$ (7,602)
Interest revenue	-	-	7	7
Total revenues	<u>567,060</u>	<u>482,060</u>	<u>474,465</u>	<u>(7,595)</u>
<b>Expenditures</b>				
Commodity purchases	254,500	254,500	243,941	10,559
Personnel services	175,001	175,001	171,893	3,108
Contracted services	12,600	12,600	7,362	5,238
Supplies	8,600	8,600	13,507	(4,907)
Repairs and maintenance	9,002	9,002	5,204	3,798
Administrative	15,015	15,015	18,463	(3,448)
Capital outlay	143,500	143,500	-	143,500
Utilities	6,035	6,035	7,835	(1,800)
Total expenditures	<u>624,253</u>	<u>624,253</u>	<u>468,205</u>	<u>156,048</u>
Change in net position - budget basis	<u>\$ (57,193)</u>	<u>\$ (142,193)</u>	6,260	<u>\$ 148,453</u>
GAAP Basis Adjustments				
Depreciation			<u>(44,139)</u>	
Change in net position - GAAP basis			(37,879)	
Net position, beginning of year			<u>1,621,340</u>	
<b>Position, end of year</b>			<u><u>\$ 1,583,461</u></u>	

**TOWN OF IGNACIO, COLORADO**  
**Sewer Fund**  
**Schedule of Revenues, Expenses and Changes in Available Resources**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 430,722	\$ 446,722	\$ 449,733	\$ 3,011
Interest revenue	-	-	41	41
Impact fees	3,000	3,000	3,967	967
Total revenues	<u>433,722</u>	<u>449,722</u>	<u>453,741</u>	<u>4,019</u>
<b>Expenditures</b>				
Personnel services	31,713	31,713	31,007	706
Contract services	354,825	380,825	377,196	3,629
Supplies	5,500	5,500	1,941	3,559
Repairs and maintenance	4,723	4,723	2,622	2,101
Administration	3,405	3,405	1,629	1,776
Debt service	21,552	21,552	14,449	7,103
Total expenditures	<u>421,718</u>	<u>447,718</u>	<u>428,844</u>	<u>18,874</u>
Change in net position - budget basis	<u>\$ 12,004</u>	<u>\$ 2,004</u>	24,897	<u>\$ 22,893</u>
GAAP Basis Adjustments				
Depreciation			<u>(15,970)</u>	
Change in net position - GAAP basis			8,927	
Net position - beginning of year			<u>190,623</u>	
<b>Net position - end of year</b>			<u>\$ 199,550</u>	

**TOWN OF IGNACIO, COLORADO**  
**Irrigation Fund**  
**Schedule of Revenues, Expenses and Changes in Available Resources**  
**Budget and Actual**  
**For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 27,960	\$ 30,510	\$ 30,512	\$ 2
Total revenues	<u>27,960</u>	<u>30,510</u>	<u>30,512</u>	<u>2</u>
<b>Expenditures</b>				
Personnel Services	6,302	6,302	5,537	765
Contracted services	774	774	1,288	(514)
Supplies	5,100	5,100	4,901	199
Administrative	30	30	-	30
Capital outlay	3,000	3,000	1,566	1,434
Debt service	<u>6,336</u>	<u>6,336</u>	<u>5,439</u>	<u>897</u>
Total expenditures	<u>21,542</u>	<u>21,542</u>	<u>18,731</u>	<u>2,811</u>
Change in net position - budget basis	<u>\$ 6,418</u>	<u>\$ 8,968</u>	11,781	<u>\$ 2,813</u>
GAAP Basis Adjustments				
Depreciation			<u>(3,583)</u>	
Change in net position - GAAP basis			8,198	
Net position - beginning of year			<u>16,616</u>	
<b>Net position - end of year</b>			<u>\$ 24,814</u>	

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**SUPPLEMENTARY INFORMATION**

**LOCAL HIGHWAY FINANCE REPORT**

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Ignacio Colorado
	YEAR ENDING : December 2014

This Information From The Records Of (example - City of _ or County of _ Town of Ignacio, La Plata County	Prepared By: Lisa Rea Phone: (970) 563-9494
--------------------------------------------------------------------------------------------------------------	------------------------------------------------------

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	775,265
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	6,508
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	19,899	b. Snow and ice removal	2,649
3. Other local imposts (from page 2)	2,341	c. Other	19,657
4. Miscellaneous local receipts (from page 2)	2,410	d. Total (a. through c.)	22,306
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	804,079
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	24,650	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	382,719	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	407,369	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	804,079

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	424,747	407,369	804,079	28,037	0

**Notes and Comments:**

The ending balance on this report of \$28,037 reflects the Town's Ending Balance on Project #136; Funds assigned for Street Repairs

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		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	2,341	g. CR 320 receipts from La Plata County	0
6. Total (1. through 5.)	2,341	h. Other Road & Bridge	2,410
c. Total (a. + b.)	2,341	i. Total (a. through h.)	2,410
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	22,544	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	3,157	d. Federal Transit Admin	
d. Other - Snow Removal	6,500	e. U.S. Corps of Engineers	
e. CR 320 Receipts from DOLA EIAF#7123	350,518	f. Other Federal	
f. Total (a. through e.)	360,175	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	382,719	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		775,265	775,265
(5). Total Construction (1) + (2) + (3) + (4)	0	775,265	775,265
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	775,265	775,265
			(Carry forward to page 1)

Notes and Comments:

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**Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Board  
Town of Ignacio, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ignacio, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise of the Town of Ignacio, Colorado's basic financial statements and have issued our report thereon dated May 5, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Ignacio, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ignacio, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ignacio, Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC  
St. George, Utah  
May 5, 2015