

TOWN OF MANCOS COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2015

TOWN OF MANCOS, COLORADO

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Majors and Haley, P.C.
Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Mancos, Colorado
Mancos, Colorado 81328

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Mancos, Colorado as of and for the year ended December 31, 2015, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 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 Mancos, Colorado, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and pages 37 through 38 be presented to supplement the basic financial statements. Such information, although not a required 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 Mancos, Colorado's basic financial statements. The accompanying other supplementary information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is 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 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.



Majors and Haley, P.C.

August 28, 2016

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2015 are as follows:

- In total, net position increased by \$746,347. Net position of governmental activities increased \$89,335, which represents a 3.95 percent increase from 2014. Net position of business type activities increased \$657,012 or 16.34 percent from 2014.
- General revenues accounted for \$860,857 in revenue or 34 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,643,186 or 66 percent of total revenues of \$2,504,043.
- Governmental activities total assets increased by \$92,316. Liabilities and deferred inflows of resources increased by \$2,981.
- The Town incurred \$1,142,417 in expenses related to government activities. \$208,775 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes, sales taxes, franchise taxes, and mineral leasing revenues) of \$1,022,977 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$1,218,599 in revenues including transfers and \$1,079,055 in expenditures. It's fund balance increased by \$139,544 from \$750,029 to \$889,573.
- Net position of the Enterprise Funds increased from \$4,019,726 to \$4,676,738.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are Town-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements.
- The governmental funds statements tell how basic services such as general government were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the Town operates like businesses, such as water and sanitation services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Town-wide Statements

The Town-wide statements report information about the Town as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

The two Town-wide statements report the Town's net position and how it has changed. Net position (the difference between the Town's assets and deferred outflows of resources less liabilities and deferred inflows of resources) is one way to measure the Town's financial position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of Town facilities.

In the Town-wide financial statements, the Town's activities are divided into two categories:

- **Governmental activities-** Most of the Town's basic services are included here, such as general government, public safety, public works and culture and recreation. These activities are financed mainly through property taxes and sales taxes.
- **Business-type activities-** The Town charges fees to help cover the costs of certain services it provides. The Town's water and sanitation facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the Town establishes other funds to help it manage and control its finances to achieve certain results.

The Town uses two types of funds:

- **Governmental funds-** Most of the Town's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

a detailed short-term view of the Town's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Town-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- **Proprietary funds-** Services for which the Town charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Town-wide financial statements. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total assets increased by \$770,347. Current assets decreased by \$181,908. Net capital assets increased by \$952,255. Current liabilities increased by \$103,451. Deferred inflows of resources decreased by \$213. Non-current liabilities decreased by \$79,238.

The Town's combined net position was larger on December 31, 2015 than it was at December 31, 2014, increasing by \$746,347 to \$7,027,553. The Town's governmental type activities net position increased by \$89,335 to \$2,350,815. The net position of the Town's business-type activities increased by \$657,012 to \$4,676,738.

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2015**

Table 1 provides a summary of the Town's net position for 2015 compared to 2014:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	\$ 1.025	\$ 0.899	\$ 0.766	\$ 1.074	\$ 1.791	\$ 1.973
Capital assets	1.436	1.470	5.339	4.353	6.775	5.823
Total assets	<u>2.461</u>	<u>2.369</u>	<u>6.105</u>	<u>5.427</u>	<u>8.566</u>	<u>7.796</u>
Liabilities						
Current liabilities	0.012	0.009	0.192	0.091	0.204	0.100
Noncurrent liabilities			1.237	1.316	1.237	0.965
Deferred inflows of resources	0.098	0.099			0.098	0.099
Net Position						
Net investment in capital assets	1.436	1.470	4.023	3.451	5.459	4.921
Restricted	0.035	0.035	0.022	0.022	0.057	0.057
Unrestricted	0.880	0.756	0.631	0.547	1.511	1.303
Total net position	<u>\$ 2.351</u>	<u>\$ 2.261</u>	<u>\$ 4.676</u>	<u>\$ 4.020</u>	<u>\$ 7.027</u>	<u>\$ 6.281</u>

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2015**

Table 2 shows the changes in net position for fiscal year 2015 as compared to 2014.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 153,027	\$ 66,723	\$ 678,055	\$ 645,777	\$ 831,082	\$ 712,500
Operating grants & contributions	55,748	55,559			55,748	55,559
Capital grants & contributions		14,133	756,356	36,865	756,356	50,998
General revenues						
Property taxes	99,648	116,837			99,648	116,837
Sales taxes	463,087	401,505			463,087	401,505
Other	460,242	469,290	(162,120)	(195,249)	298,122	274,041
Total revenues	1,231,752	1,124,047	1,272,291	487,393	2,504,043	1,611,440
Expenses						
General government	481,208	416,309			481,208	416,309
Public safety	306,821	300,986			306,821	300,986
Public works	223,226	270,750	615,279	577,224	838,505	847,974
Culture and recreation	131,162	120,426			131,162	120,426
Total expenses	1,142,417	1,108,471	615,279	577,224	1,757,696	1,685,695
Increase (decrease) in net position	\$ 89,335	\$ 15,576	\$ 657,012	\$ (89,831)	\$ 746,347	\$ (74,255)

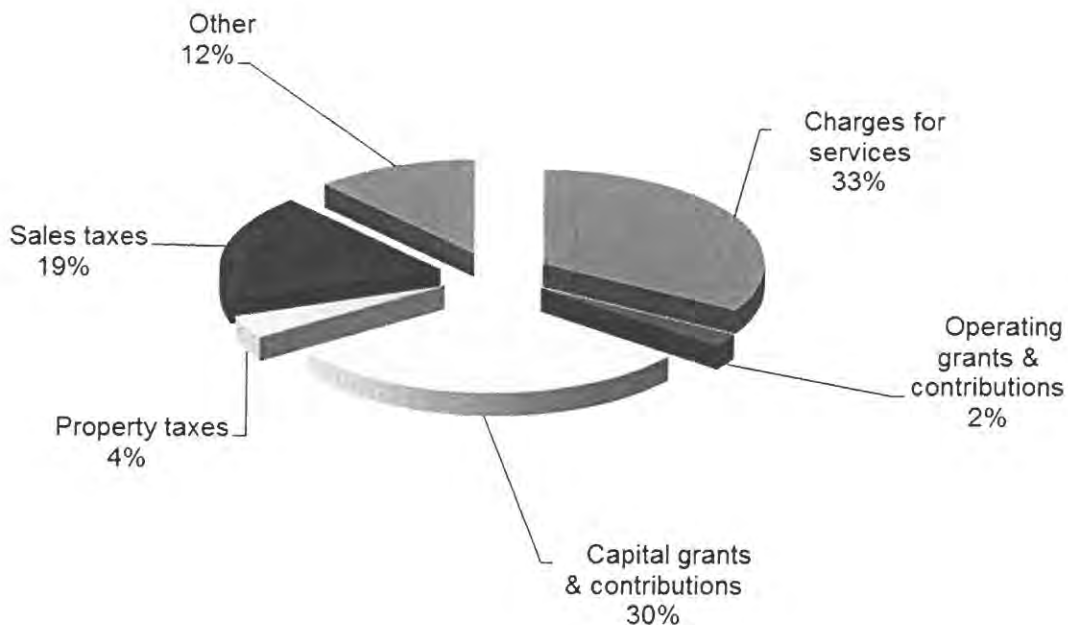
TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

Charges for services, sales taxes and capital grants accounted for most of the Town's total revenue, with each contributing 33 percent, 19 percent, and 30 percent respectively (See Table 3). Another 4 percent came from property taxes and the remainder from operating grant and other revenues.

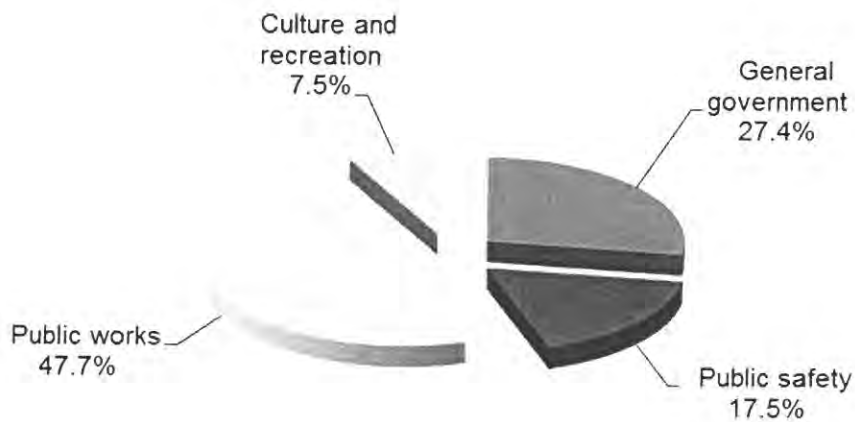
The Town's expenses are predominately related to, public works (47.7 percent), general government (27.4 percent), and public safety (17.5 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

Table 3
Sources of Revenue for Fiscal Year 2015



TOWN OF MANCOS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2015

Table 4
Expenses for Fiscal Year 2015



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services, capital grants, general property taxes, and sales taxes. The Town receives approximately 86 percent of this funding from these sources while the remaining amounts come from operating grants and other revenue sources.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2015

is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 481,208	\$ 416,309	\$ 389,140	\$ 365,710
Public safety	306,821	300,986	284,552	282,448
Public works	223,226	270,750	145,433	219,394
Culture and recreation	131,162	120,426	114,517	104,504
Total	\$ 1,142,417	\$ 1,108,471	\$ 933,642	\$ 972,056

- The cost of all governmental activities during the year was \$1,142,417.
- Some of the cost was financed by the users of the Town's programs (\$153,027)
- Federal and state government subsidized certain programs with grants and contributions (\$55,748).
- However, \$1,022,977 was financed by state and town taxpayers. This portion of governmental activities was financed with \$463,087 in sales taxes, \$111,956 in property and specific ownership taxes, \$88,135 in franchise taxes and \$359,799 in other general revenues.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2015

Business-type Activities

Business-type activities are made up of the Water Fund and the Sewer Fund. These programs had revenues net of transfers of \$1,272,291 and expenses of \$615,279.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues including transfers of \$1,231,753 and expenditures of \$1,108,398.

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the Town made one revision to the annual operating budget.

- Actual expenditures were \$113,160 less than budget, primarily because the Town budgeted conservatively on expenditures and revenue.

CAPITAL ASSET ADMINISTRATION

By the end of 2015 the Town has invested \$10.23 million in land, buildings, and equipment (including vehicles), of this total \$2.1 million was from governmental activities.

Table 6 shows capital assets for 2015 compared to 2014:

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2015**

**Table 6
Capital Assets at December 31**

	Governmental Activities		Business-Type Activities		Total Town	
	2015	2014	2015	2014	2015	2014
Land	\$ 138,081	\$ 138,081	\$ 6,984	\$ 6,984	\$ 145,065	\$ 145,065
Buildings/Facilities	1,834,311	1,802,957	7,880,341	6,601,665	9,714,652	8,404,622
Equipment	163,832	157,762	208,884	208,884	372,716	366,646
Total	\$ 2,136,224	\$ 2,098,800	\$ 8,096,209	\$ 6,817,533	\$ 10,232,433	\$ 8,916,333

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 30 of this report.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Mancos Administration Office, PO Box 487 Mancos, Colorado 81328.

TOWN OF MANCOS, COLORADO
Statement of Net Position

December 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 878,229	\$ 582,187	\$ 1,460,416
Cash-restricted		100,612	100,612
Property tax receivable	98,795		98,795
Accounts receivable	47,043	45,864	92,907
Grants receivable		37,346	37,346
Due from other governments	1,099		1,099
Capital assets	2,136,224	8,096,209	10,232,433
Accumulated depreciation	(700,120)	(2,756,720)	(3,456,840)
Total capital assets, net of depreciation	<u>1,436,104</u>	<u>5,339,489</u>	<u>6,775,593</u>
Total Assets	<u>2,461,270</u>	<u>6,105,498</u>	<u>8,566,768</u>
Liabilities			
Accounts payable	11,660	108,478	120,138
Accrued interest		4,110	4,110
Long-term liabilities			
Due within one year		79,239	79,239
Due in more than one year		1,236,933	1,236,933
Total Liabilities	<u>11,660</u>	<u>1,428,760</u>	<u>1,440,420</u>
Deferred inflows of resources			
Deferred property tax revenue	<u>98,795</u>		<u>98,795</u>
Net Position			
Net investment in capital assets	1,436,104	4,023,317	5,459,421
Restricted			
TABOR	35,000		35,000
Debt service		22,022	22,022
Unrestricted	879,711	631,399	1,511,110
Total Net Position	<u>\$ 2,350,815</u>	<u>\$ 4,676,738</u>	<u>\$ 7,027,553</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO
Statement of Activities

For the Year Ended December 31, 2015

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 481,208	\$ 86,568	\$ 5,500		\$ (389,140)		\$ (389,140)
Public safety	306,821	15,738	6,531		(284,552)		(284,552)
Public works	223,226	47,171	30,622		(145,433)		(145,433)
Culture and recreation	131,162	3,550	13,095		(114,517)		(114,517)
Total Governmental Activities	<u>1,142,417</u>	<u>153,027</u>	<u>55,748</u>	-	<u>(933,642)</u>		<u>(933,642)</u>
Business-Type Activities							
Water operations	259,379	373,621		\$ 756,356		\$ 870,598	870,598
Sewer operations	355,900	304,434			(51,466)		(51,466)
Total Business-Type Activities	<u>615,279</u>	<u>678,055</u>	-	<u>756,356</u>		<u>819,132</u>	<u>819,132</u>
Total Town	<u>\$ 1,757,696</u>	<u>\$ 831,082</u>	<u>\$ 55,748</u>	<u>\$ 756,356</u>	<u>(933,642)</u>	<u>819,132</u>	<u>(114,510)</u>

General Revenues

Property taxes	99,648		99,648
Specific ownership taxes	12,308		12,308
Sales tax	463,087		463,087
Road and bridge tax	13,658		13,658
Franchise tax	88,135		88,135
Severance tax	22,325		22,325
Intergovernmental			
Mineral leasing	153,040		153,040
Tobacco taxes	1,245		1,245
Earnings on investments	479	642	1,121
Miscellaneous	6,290		6,290
Transfers	162,762	(162,762)	-
Total General Revenues	<u>1,022,977</u>	<u>(162,120)</u>	<u>860,857</u>
Changes in Net Position	89,335	657,012	746,347
Net Position Beginning of the Year	2,261,480	4,019,726	6,281,206
Net Position End of the Year	<u>\$ 2,350,815</u>	<u>\$ 4,676,738</u>	<u>\$ 7,027,553</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Balance Sheet
Governmental Funds

December 31, 2015

	General Fund	Other Governmental Funds Conservation Trust Fund	Total Governmental Funds
Assets			
Cash	\$ 853,091	\$ 25,138	\$ 878,229
Property tax receivable	98,795		98,795
Accounts receivable	47,043		47,043
Due from other governments	1,099		1,099
Total assets	\$ 1,000,028	\$ 25,138	\$ 1,025,166
Liabilities			
Accounts payable	\$ 11,660		\$ 11,660
Total liabilities	11,660	-	11,660
Deferred inflows of resources			
Unearned property tax revenue	98,795		98,795
Fund balance			
Restricted			
TABOR	35,000		35,000
Unrestricted			
Assigned for subsequent year's expenditures	656,524	\$ 25,138	681,662
Unassigned	198,049		198,049
Total fund balance	889,573	25,138	914,711
Total liabilities, deferred inflows of resources and fund balance	\$ 1,000,028	\$ 25,138	\$ 1,025,166

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total fund balance governmental funds \$ 914,711

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

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

Capital assets	\$ 2,136,224	
Accumulated depreciation	(700,120)	
		1,436,104

Total net position governmental activities **\$ 2,350,815**

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2015

	General Fund	Other Governmental Funds		Total Governmental Funds
		Conservation Trust Fund		
Revenues				
Taxes	\$ 699,161			\$ 699,161
Intergovernmental revenues	196,938	\$ 13,095		210,033
Licenses and permits	69,017			69,017
Fines and forfeitures	15,738			15,738
Earnings on investments	435	44		479
Other	74,548	15		74,563
Total revenues	<u>1,055,837</u>	<u>13,154</u>		<u>1,068,991</u>
Expenditures				
General government	470,718			470,718
Public safety	299,379			299,379
Public works	224,427			224,427
Culture and recreation	84,531	29,343		113,874
Total expenditures	<u>1,079,055</u>	<u>29,343</u>		<u>1,108,398</u>
Other financing sources (uses)				
Transfers in	162,762			162,762
Total other financing sources (uses)	<u>162,762</u>	<u>-</u>		<u>162,762</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>139,544</u>	<u>(16,189)</u>		<u>123,355</u>
Fund Balances beginning of the year	750,029	41,327		791,356
Fund balances end of the year	<u>\$ 889,573</u>	<u>\$ 25,138</u>		<u>\$ 914,711</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, 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, 2015

Net Change in Fund Balances Governmental Funds \$ 123,355

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 37,424	
Depreciation expense	<u>(71,444)</u>	
		(34,020)

Change in Net Position of Governmental Activities \$ 89,335

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Statement of Net Position
Proprietary Fund Type-Enterprise Funds
December 31, 2015

	Business-type Activities		
	Water	Sewer	Total
Assets			
Current assets			
Cash	\$ 361,730	\$ 220,457	\$ 582,187
Cash-restricted	100,612		100,612
Accounts receivable	18,936	26,928	45,864
Grants receivable	37,346		37,346
Total current assets	<u>518,624</u>	<u>247,385</u>	<u>766,009</u>
Noncurrent assets			
Capital assets	2,574,502	5,521,707	8,096,209
Accumulated depreciation	(1,036,180)	(1,720,540)	(2,756,720)
Total noncurrent assets	<u>1,538,322</u>	<u>3,801,167</u>	<u>5,339,489</u>
Total assets	<u>2,056,946</u>	<u>4,048,552</u>	<u>6,105,498</u>
Liabilities			
Current liabilities			
Accounts payable	107,715	763	108,478
Accrued interest	2,547	1,563	4,110
Current portion of long term debt	17,314	61,925	79,239
Total current liabilities	<u>127,576</u>	<u>64,251</u>	<u>191,827</u>
Noncurrent liabilities			
Notes and bonds payable	502,573	734,360	1,236,933
Total noncurrent liabilities	<u>502,573</u>	<u>734,360</u>	<u>1,236,933</u>
Total liabilities	<u>630,149</u>	<u>798,611</u>	<u>1,428,760</u>
Net position			
Net investment in capital assets	1,018,435	3,004,882	4,023,317
Restricted for debt service	22,022		22,022
Unrestricted	386,340	245,059	631,399
Total net position	<u>\$ 1,426,797</u>	<u>\$ 3,249,941</u>	<u>\$ 4,676,738</u>

The accompanying notes are an integral part of this statement

TOWN OF MANCOS, COLORADO

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type-Enterprise Funds

For the Year Ended December 31, 2015

	Business-type Activities		
	Water	Sewer	Total
Operating revenues			
Charges for services	\$ 362,689	\$ 288,361	\$ 651,050
Total operating revenues	362,689	288,361	651,050
Operating expenses			
Water administration	105,502		105,502
Plant and storage	36,571		36,571
Disribution	19,881		19,881
Sewer administration		69,887	69,887
Plant operation		64,351	64,351
Collection		5,005	5,005
Depreciation	79,494	212,907	292,401
Total operating expenses	241,448	352,150	593,598
Operating income (loss)	121,241	(63,789)	57,452
Nonoperating revenues (expenses)			
Interest revenue	325	317	642
Grant revenue	577,511		577,511
Tap fees	10,932	16,073	27,005
Transfers out	(102,762)	(60,000)	(162,762)
Development fees	178,845		178,845
Debt service			
Interest	(17,931)	(3,750)	(21,681)
Total nonoperating revenues (expenses)	646,920	(47,360)	599,560
Change in net position	768,161	(111,149)	657,012
Net Position - beginning of the year	658,636	3,361,090	4,019,726
Net Position - end of the year	<u>\$ 1,426,797</u>	<u>\$ 3,249,941</u>	<u>\$ 4,676,738</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Statement of Cash Flows
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2015

	Business-type Activities		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 368,450	\$ 284,765	\$ 653,215
Cash payments to employees for services	(36,533)	(36,395)	(72,928)
Cash payments to suppliers for goods and services	(128,921)	(103,252)	(232,173)
Net Cash Flows provided (used) by Operating Activities	<u>202,996</u>	<u>145,118</u>	<u>348,114</u>
Cash Flows From Capital and Related Financing Activities			
Tap fees	10,932	16,073	27,005
Development fees	178,845		178,845
Grants received	577,030		577,030
Principal paid on debt	(16,114)	(60,925)	(77,039)
Interest paid on debt	(18,163)	(4,011)	(22,174)
Net Cash Flows provided (used) by Capital and Financing Activities	<u>732,530</u>	<u>(48,863)</u>	<u>683,667</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	(102,762)	(60,000)	(162,762)
Equipment and facilities purchased	(1,176,221)		(1,176,221)
Total Cash Flows provided (used) by Noncapital Financing Activities	<u>(1,278,983)</u>	<u>(60,000)</u>	<u>(1,338,983)</u>
Cash flows from Investing Activities			
Earnings on investments	325	317	642
Net Increase (Decrease) in Cash and Cash Equivalents	(343,132)	36,572	(306,560)
Cash and Cash Equivalents - Beginning	805,474	183,885	989,359
Cash and Cash Equivalents - Ending	<u>\$ 462,342</u>	<u>\$ 220,457</u>	<u>\$ 682,799</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ 121,241	\$ (63,789)	\$ 57,452
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	79,494	212,907	292,401
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Operating accounts receivable	5,761	(3,596)	2,165
Increase (Decrease) in			
Operating accounts payable	(3,500)	(404)	(3,904)
Net Cash provided (used) by Operating Activities	<u>\$ 202,996</u>	<u>\$ 145,118</u>	<u>\$ 348,114</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Summary of Significant Accounting Policies - The Town of Mancos, Colorado's (the Town) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Town of Mancos, Colorado is a statutory (non-home-rule) Town and serves as an administrative unit of the State of Colorado.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Fund Accounting – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the Town's major governmental funds.

General Fund – is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales taxes and franchise taxes.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Special Revenue Funds- accounts for revenue derived from specific taxes or other earmarked revenue sources that are legally restricted to expenditures for specific purposes.

Conservation Trust Fund- is used to account for revenues from sources that are restricted for parks and recreation.

Proprietary Funds-

Enterprise Funds – focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The Town's enterprise funds are:

Water Fund- is used to account for the financial transactions related to the water treatment and distribution operations of the Town.

Sewer Fund- accounts for the sanitation services provided by the Town.

Basis of Presentation-

Town -wide Financial Statements- The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The Town -wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the Town-wide financial statements and the statements for governmental funds.

The Town -wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Fund Financial Statements- Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. Town -wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Operating Income-Proprietary Funds- operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Unearned Revenue- arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

Budgets and Budgetary Accounting – The Town is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Proprietary Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the Town Board must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Funds is considered to be all of the highly liquid investments with a maturity of six months or less.

Short-term Inter-fund Receivables/Payables- During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the Town -wide statement of net assets and, classified as due from other funds or due to other funds on the balance sheet.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Town-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the Town -wide statements of net position and in the respective fund financial statements,

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Facilities	15 to 40 Years	15 to 40 Years
Equipment	5 to 15 Years	5 to 15 Years

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Property Tax Revenue Recognition – Property taxes are billed and collected on behalf of the Town by the Montezuma County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation leave and compensatory days. Vacation pay is payable at termination after one year of employment up to 200 hours. Compensatory time is payable at termination. As of December 31, 2015, the amount of accrued vacation and compensatory time is not material. Therefore, no amount is reflected in the financial statements for accrual of compensated absences.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the Town -wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the Town's TABOR emergency reserve and debt service reserves required by creditors.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Town Board.

Assigned- Amounts that are designated by the Town Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in the other spendable classifications

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications- committed and then assigned fund balances before using unassigned fund balances

Net Position- Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are sales related to water and sanitation services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Cash and Investments – The Town maintains its cash in the form of deposits in financial institutions.

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the Town's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, the carrying amount of the Town's deposits was \$1,315,033 and the bank balance was \$1,298,630. The Town's bank balances at December 31, 2015 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town's agent bank in the name of governmental accounts of which the Town is a part.

Restricted Cash- Restricted cash represents the unused proceeds of the 2014 revenue bonds issued by the Town's Water Fund. The bonds were purchased by the USDA Rural Utilities Service (RUS). The proceeds are held by the RUS until needed for construction of improvements to the Town's water system which will be completed in 2016.

Investments- Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, 2015 the Town had investments in one local government investment pool, the Colorado Statewide Investment Program (CSIP). CSIP is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSIP is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to the provisions of C.R.S. Title 24, Article 75 and Section 6. The fair value of the investments in CSIP is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. CSIP is rated AAAM by Standard and Poors.

At December 31, 2015 the CSIP balance was \$145,383.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2015 follows:

	Balance Jan 1, 2015	Additions	Deletions	Balance Dec 31, 2015
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 138,081			\$ 138,081
Capital assets, being depreciated:				
Buildings and improvements	1,764,479	\$ 31,354		1,795,833
Equipment	157,762	6,070		163,832
Infrastructure	38,478			38,478
Total capital assets being depreciated	<u>1,960,719</u>	<u>37,424</u>	<u>-</u>	<u>1,998,143</u>
Less accumulated depreciation	<u>(628,676)</u>	<u>(71,444)</u>		<u>(700,120)</u>
Net capital assets being depreciated	1,332,043	(34,020)	-	1,298,023
Governmental Activities Capital Assets, net	<u><u>\$ 1,470,124</u></u>	<u><u>\$ (34,020)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,436,104</u></u>
Business Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,984			\$ 6,984
Construction in progress	158,285		\$ (158,285)	-
Total capital assets, not depreciated	<u>165,269</u>	<u>-</u>	<u>(158,285)</u>	<u>6,984</u>
Capital assets being depreciated				
Improvements	6,442,380	\$ 1,437,961		7,880,341
Machinery and equipment	208,884			208,884
Total capital assets being depreciated	<u>6,651,264</u>	<u>1,437,961</u>	<u>-</u>	<u>8,089,225</u>
Less accumulated depreciation for:				
Improvements	(2,309,300)	(283,759)		(2,593,059)
Machinery and equipment	(155,019)	(8,642)		(163,661)
Total accumulated depreciation	<u>(2,464,319)</u>	<u>(292,401)</u>		<u>(2,756,720)</u>
Net capital assets being depreciated	4,186,945	1,145,560		5,332,505
Business Type Activities Capital Assets net	<u><u>\$ 4,352,214</u></u>	<u><u>\$ 1,145,560</u></u>	<u><u>\$ (158,285)</u></u>	<u><u>\$ 5,339,489</u></u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Depreciation expense was charged as a direct expense to the following governmental programs:

General government	\$	10,490
Public works		14,914
Public safety		7,442
Culture and recreation		38,598
Total depreciation government activities	\$	<u>71,444</u>

Retirement Plans- In 1999, the Town adopted a deferred compensation plan under Internal Revenue Code Section 457. The plan is a defined contribution plan and participation is voluntary. An eligible employee may make an election to have their pay reduced by a percentage each pay period. The Town pays a matching contribution to each employee's account, up to a limit of 4.5% of the employee's compensation for the calendar year. For the year ending December 31, 2015, the Town's matching contributions totaled \$15,621.

General Long-Term Debt- The Town has incurred the following long-term debt.

Business-type Activities:

Water Fund: The following items are obligations of and repaid through the Water Fund.

General Obligation Bonds Payable- \$225,000, 1978 Serial Water Bonds bearing interest at 5% with principal and interest payable annually. Principal is payable in annual installments of \$6,000 through 2004, \$7,000 for 2005 through 2007, \$8,000 for 2008 through 2010, \$9,000 for 2011 through 2014, \$10,000 for 2015, \$11,000 for 2016, and \$12,000 for 2017 and 2018. The following are the annual requirements to service this debt:

Year Ending December 31	Principal	Interest	Total
2016	\$ 11,000	\$ 1,750	\$ 12,750
2017	12,000	900	12,900
2018	12,000	900	12,900
Total	<u>\$ 35,000</u>	<u>\$ 3,550</u>	<u>\$ 38,550</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Revenue Bonds Payable- \$491,000, 2014 Series Revenue Bonds bearing interest at 3.25% with principal and interest payable semi-annually. These bonds were issued on November 19, 2014 to the USDA Rural Utilities Service to facilitate improvements to the Town's water system. The following are the annual requirements to service the bonds:

Year Ending December 31	Principal	Interest	Total
2016	\$ 6,314	\$ 15,714	\$ 22,028
2017	6,521	15,507	\$ 22,028
2018	6,735	15,293	\$ 22,028
2019	6,956	15,072	\$ 22,028
2020	7,184	14,844	\$ 22,028
2021-2025	39,606	70,534	\$ 110,140
2026-2030	46,534	63,606	\$ 110,140
2031-2035	54,673	55,467	\$ 110,140
2036-2040	64,236	45,904	\$ 110,140
2041-2045	75,472	34,668	\$ 110,140
2046-2050	88,673	21,467	\$ 110,140
2051-2054	81,982	6,130	\$ 88,112
Total	<u>\$ 484,886</u>	<u>\$ 374,206</u>	<u>\$ 859,092</u>

Sewer Fund: The following items are obligations and repaid through the Sewer Fund:

Revenue Bonds Payable- \$46,200, 1982 Series A Serial Revenue Bonds bearing interest at 5% with principal and interest payable annually. Principal is payable in annual installments of \$1,000 through 2007, \$1,500 from 2008 through 2013, \$2,000 from 2014 through 2018, and \$2,500 for 2019 through 2022. \$90,000, 1982 Series B Serial Revenue Bonds bearing interest at 7.875% with principal and interest payable annually. Principal payable in installments of \$1,000 through 2003, \$1,500 for 2004 through 2006, \$2,000 for 2007 through 2009, \$2,500 for 2010 through 2011, and then increases in \$500 increments through 2019 with a final payment of \$2,801 in 2020. \$38,500, 1982 Series C Serial Revenue Bonds bearing interest at 7.875% with principal and interest payable annually. Principal is payable in installments of \$500 through 2008, \$1,000 for 2009 through 2012, \$1,500 for 2013 through 2015, \$2,000 for 2016 through 2018 and a final payment of \$1,689 in 2019. The following are the annual requirements to service these bonds:

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Year Ending December 31	Principal	Interest	Total
2016	\$ 9,000	\$ 3,438	\$ 12,438
2017	9,500	2,786	12,286
2018	10,000	2,095	12,095
2019	10,500	1,463	11,963
2020	10,491		10,491
Total	<u>\$ 49,491</u>	<u>\$ 9,782</u>	<u>\$ 59,273</u>

Note Payable- \$850,000 loan from the Colorado Water Resources and Power Development Association to construct a new wastewater treatment facility. Total authorized amount is \$1,000,000. Interest is computed at 0% with semi-annual principal installments of \$25,000, due May 1 and November 1 of each year through 2029. The following are the annual requirements to service this debt:

Year Ending December 31	Principal	Interest	Total
2016	\$ 50,000		\$ 50,000
2017	50,000		50,000
2018	50,000		50,000
2019	50,000		50,000
2020	50,000		50,000
2021-2025	250,000		250,000
2026-2029	200,000		200,000
Total	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>

Note Payable- Loan from the Colorado Water Resources and Power Development Authority. Total amount authorized is \$500,000. The loan calls for \$441,507 of the debt to be forgiven by the lender. The remaining balance is to be repaid in semi-annual installments of \$1,462 with no interest due May 1 and November 1 of each year through 2031.

TOWN OF MANCOS, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Year Ending December 31	Principal	Interest	Total
2016	\$ 2,925		\$ 2,925
2017	2,925		2,925
2018	2,925		2,925
2019	2,925		2,925
2020	2,925		2,925
2021-2025	14,625		14,625
2026-2030	14,625		14,625
2031	2,919		2,919
Total	<u>\$ 46,794</u>	<u>\$ -</u>	<u>\$ 46,794</u>

Changes in General Long-Term Debt- A summary of changes in general long-term debt follows:

	January 1, 2015	Additions	Deletions	December 31, 2015
General Obligation Bonds	\$ 45,000		\$ 10,000	\$ 35,000
Water Revenue Bonds	491,000		6,114	484,886
Revenue Bonds	57,491		8,000	49,491
Sewer CWRPDA	49,719		2,925	46,794
Sewer Loan CWRPDA	750,000		50,000	700,000
Total	<u>\$ 1,393,210</u>	<u>\$ -</u>	<u>\$ 77,039</u>	<u>\$ 1,316,171</u>

Annual requirements to amortize the long-term debt is as follows:

TOWN OF MANCOS, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Year Ending December 31,	Business -type Activities
2016	\$ 100,141
2017	100,139
2018	99,948
2019	86,916
2020	85,444
2021-2025	360,140
2026-2030	310,140
2031-2035	110,140
2036-2040	110,140
2041-2045	110,140
2046-2050	110,140
2051-2054	88,112
Total	1,671,540
Less Interest	(355,369)
Outstanding principal	\$ 1,316,171

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Town Board but are not spendable until appropriated. The Town uses the following restrictions and assignments:

Restricted for TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$35,000 in the General Fund.

Restricted for Debt Service- indicates that a portion of the fund balance has been restricted for debt service by outside creditors. The USDA Rural Utilities Service requires a debt service reserve equal to \$22,022 in the Sewer Fund.

Assigned for subsequent year's expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for subsequent year's expenditures consists of \$656,524 in the General Fund and \$25,138 in the Conservation Trust Fund.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the Town.

Tax Spending, Revenue 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.

On the November 5, 1996 municipal election ballot, the voters authorized the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restriction on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution and spent as voter approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services.

The amendment also requires the Town to establish an Emergency Reserve, which must be equal to three percent of the current allowed revenue. Conditions under which these reserves may be spent are severally limited.

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

Risk Management – 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. The Town has purchased commercial insurance for such risks including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

TOWN OF MANCOS, COLORADO
Required Supplementary Information

December 31, 2015

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedule
General Fund

TOWN OF MANCOS, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 100,566	\$ 100,566	\$ 99,648	\$ (918)
Specific ownership taxes	10,000	12,500	12,308	(192)
Road and bridge taxes	16,500	14,000	13,658	(342)
Sales and use taxes	366,000	425,000	463,087	38,087
Severance taxes		22,325	22,325	-
Franchise taxes	105,000	84,143	88,135	3,992
Total taxes	598,066	658,534	699,161	40,627
Licenses, permits and fees				
Permits and fees	15,000	15,408	16,289	881
Liquor licenses	800	2,050	2,050	-
Other licenses	3,300	16,665	16,695	30
Marijuana transaction fees	12,000	35,000	33,983	(1,017)
Total licenses and permits	31,100	69,123	69,017	(106)
Intergovernmental revenues				
Mineral leasing	120,000	153,040	153,040	-
Highway users tax	29,373	28,000	30,622	2,622
Grants		12,030	12,031	1
Tobacco product taxes	1,000	1,200	1,245	45
Total intergovernmental revenues	150,373	194,270	196,938	2,668
Fines and forfeitures	50,000	14,800	15,738	938
Earnings on investments	500	395	435	40
Miscellaneous revenues	93,767	53,111	74,548	21,437
Total revenues	923,806	990,233	1,055,837	65,604
Expenditures				
General government				
Legislative	52,450	52,475	52,580	(105)
Planning and zoning	9,300	13,600	12,860	740
Administration	380,258	419,224	367,587	51,637
Non-departmental	22,000	40,212	37,691	2,521
Total general government	464,008	525,511	470,718	54,793
Public safety				
Judicial	3,600	2,550	2,800	(250)
Marshal's office	292,913	313,066	296,579	16,487
Total public safety	296,513	315,616	299,379	16,237
Public works				
Public works administration	181,245	181,245	147,224	34,021
Streets	166,559	82,976	77,203	5,773
Total public works	347,804	264,221	224,427	39,794
Culture and recreation				
Parks and recreation	71,745	86,867	84,531	2,336
Total culture and recreation	71,745	86,867	84,531	2,336
Total expenditures	1,180,070	1,192,215	1,079,055	113,160
Other financing sources (uses)				
Transfers in	162,762	162,762	162,762	-
Total other financing sources (uses)	162,762	162,762	162,762	-
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(93,502)	(39,220)	139,544	178,764
Fund balance, beginning of the year	667,829	667,829	750,029	82,200
Fund balance, end of the year	\$ 574,327	\$ 628,609	\$ 889,573	\$ 260,964

TOWN OF MANCOS, COLORADO
Other Supplementary Information

December 31, 2015

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedules

Non major governmental funds

Conservation Trust Fund

Enterprise Funds

Water Fund

Sewer Fund

TOWN OF MANCOS, COLORADO

Non Major Governmental Funds

December 31, 2015

Special Revenue Funds- are used to account for revenues from specific taxes or other designated revenue sources which are legally restricted to expenditures for specific purposes.

Conservation Trust Fund-accounts for the revenues and expenditures related to the Town's parks and recreation activities

TOWN OF MANCOS, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Conservation Trust Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental				
Lottery	\$ 12,000	\$ 12,000	\$ 13,095	\$ 1,095
Total intergovernmental revenues	12,000	12,000	13,095	1,095
Earnings on investments	500	500	44	(456)
Miscellaneous revenues		15	15	-
Total revenues	12,500	12,515	13,154	639
Expenditures				
Culture and recreation				
Parks and improvements	20,845	33,200	29,343	3,857
Total expenditures	20,845	33,200	29,343	3,857
Excess of revenues over (under) expenditures	(8,345)	(20,685)	(16,189)	4,496
Fund balance, beginning	38,272	38,272	41,327	3,055
Fund balance, ending	\$ 29,927	\$ 17,587	\$ 25,138	\$ 7,551

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Water Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General water fees	\$ 290,000	\$ 290,000	\$ 334,295	\$ 44,295
Water dock	20,000	22,000	23,382	1,382
Penalties	4,000	4,000	5,012	1,012
Total operating revenues	<u>314,000</u>	<u>316,000</u>	<u>362,689</u>	<u>46,689</u>
Operating Expenses				
Water administration	131,435	127,805	105,502	22,303
Plant and storage	42,750	43,450	36,571	6,879
Distribution	15,485	25,400	19,881	5,519
Capital outlay	1,189,257	1,441,889	1,278,676	163,213
Total Operating Expenses	<u>1,378,927</u>	<u>1,638,544</u>	<u>1,440,630</u>	<u>197,914</u>
Operating income (loss)	<u>(1,064,927)</u>	<u>(1,322,544)</u>	<u>(1,077,941)</u>	<u>244,603</u>
Non-Operating Revenue (Expenses)				
Tap fees	10,210	10,195	10,932	737
Earnings on investments	300	300	325	25
Development fees	157,580	178,845	178,845	-
Grants	946,000	990,000	577,511	(412,489)
Transfers out	(102,762)	(102,762)	(102,762)	-
Debt Service				
Principal	(16,114)	(17,614)	(16,114)	1,500
Interest	(21,445)	(18,888)	(17,931)	957
Total Non-Operating Revenue	<u>973,769</u>	<u>1,040,076</u>	<u>630,806</u>	<u>(409,270)</u>
Change in net position non GAAP basis	(91,158)	(282,468)	(447,135)	(164,667)
Add debt service-principal			16,114	16,114
Add capital outlay			1,278,676	1,278,676
Less depreciation expense			(79,494)	(79,494)
Change in net position	<u>(91,158)</u>	<u>(282,468)</u>	<u>768,161</u>	<u>1,050,629</u>
Net position beginning of the year	660,953	660,953	658,636	(2,317)
Net position end of the year	<u>\$ 569,795</u>	<u>\$ 378,485</u>	<u>\$ 1,426,797</u>	<u>\$ 1,048,312</u>

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Sewer Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General sewer fees	\$ 280,536	\$ 280,536	\$ 286,361	\$ 5,825
Penalties	3,600	3,600	2,000	(1,600)
Other	11,136	11,136		(11,136)
Total operating revenues	<u>295,272</u>	<u>295,272</u>	<u>288,361</u>	<u>(6,911)</u>
Operating Expenses				
Sewer administration	92,915	92,915	69,887	23,028
Plant operation	108,014	108,014	64,351	43,663
Collection	4,600	4,600	5,005	(405)
Capital outlay				-
Total Operating Expenses	<u>205,529</u>	<u>205,529</u>	<u>139,243</u>	<u>66,286</u>
Operating income (loss)	<u>89,743</u>	<u>89,743</u>	<u>149,118</u>	<u>59,375</u>
Non-Operating Revenue (Expenses)				
Tap fees	10,210	10,210	16,073	5,863
Earnings on investments	363	363	317	(46)
Transfers out	(60,000)	(60,000)	(60,000)	-
Debt Service				
Principal	(56,465)	(56,465)	(60,925)	(4,460)
Interest	(3,346)	(3,346)	(3,750)	(404)
Total Non-Operating Revenue	<u>(109,238)</u>	<u>(109,238)</u>	<u>(108,285)</u>	<u>953</u>
Change in net position non GAAP basis	(19,495)	(19,495)	40,833	60,328
Add debt service-principal			60,925	60,925
Add capital outlay				-
Less depreciation expense			(212,907)	(212,907)
Change in net position	<u>(19,495)</u>	<u>(19,495)</u>	<u>(111,149)</u>	<u>(91,654)</u>
Net position beginning of the year	3,502,862	3,502,862	3,361,090	(141,772)
Net position end of the year	<u>\$ 3,483,367</u>	<u>\$ 3,483,367</u>	<u>\$ 3,249,941</u>	<u>\$ (233,426)</u>

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town
YEAR ENDING :
December 2015

This Information From The Records Of (example - City of _ or County of _)
Town of Mancos, Colorado
Prepared By: Majors and Haley P.C.
Phone: 970-565-9521

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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	34,046
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	168,356
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	167,839	b. Snow and ice removal	
3. Other local imposts (from page 2)	12,308	c. Other	15,095
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	15,095
5. Transfers from toll facilities		4. General administration & miscellaneous	6,930
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	224,427
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	180,147	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	44,280	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	224,427	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	224,427

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		224,427	224,427		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		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	12,308	g. Other Misc. Receipts	
6. Total (1. through 5.)	12,308	h. Other	
c. Total (a. + b.)	12,308	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	30,622	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	13,658	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,658	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	44,280	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		34,046	34,046
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	34,046	34,046
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	34,046	34,046
			(Carry forward to page 1)

Notes and Comments: