CITY OF CORTEZ
CORTEZ, COLORADO

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
December 31, 2015

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INTRODUCTORY SECTION

CITY OF CORTEZ, COLORADO

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Karen Sheek, Mayor
Ty Keel, Mayor Pro-tem
Bob Archibeque
Tom Butler
Orly Lucero
Shawna MacLaughlin
Jim Price

TOWN STAFF

Shane Hale – City Manager
Roy Lane – Chief of Police
Mike Green – City Attorney
Linda Smith – City Clerk
Kathi Moss – Director of Finance
Dean Palmquist – Director of Parks and Recreation
Kirsten Sackett – Director of Planning and Building
Phil Johnson – Director of Public Works

FINANCIAL SECTION

City of Cortez

Management Discussion and Analysis

December 31, 2015

As management of the City of Cortez, we offer readers of the City of Cortez financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City of Cortez.

A. FINANCIAL HIGHLIGHTS

- City of Cortez is in healthy financial condition.
- Cortez's assets exceeded its liabilities by $55,142,412 (i.e., net assets at the end of 2015.
- Governmental funds reported combined ending fund balance of $7,609,516. This is a decrease of $3,084,012 itemized by fund as follows:

General Fund	($2,606,337)
Lodgers Tax Fund	($ 42,240)
Conservation Trust Fund	$ 42,897
Equipment Fund	$ 74,307
Street Improvement Fund	($ 567,884)
Emergency Reserve Fund	$ 464
Mesa Verde Country Visitor Information Bureau	$ 14,781**

**Mesa Verde Country, as a component unit of the City, is included within the financial statements of the City.

- General Fund revenues were relatively flat compared to 2014 showing an increase of $93,957. Sales tax increased by 4.6%. Licenses, Permits and Fees showed a decrease of $209,237 due primarily to the enactment of an economic development incentive that abated 50% of building permit fees and use taxes on any new construction or remodel for any building that is under 10,000 square feet.

- General Fund expenditures came in $335,738 under budget. General Fund capital expenditures were $3,200,865 of which $2,963,637 purchased the Cortez Journal Building at 123 Roger Smith Ave which will be used for a new City Hall building in 2017. $204,140 was used to replace the HVAC system at the Police Department. The remainder was used for minor capital projects within the City.

- At December 31, 2015, the City's General Fund policy was to have an unreserved fund balance equal to at least 20% of the general fund operating appropriations. The fund balance is approximately $1,330,505 dollars above this requirement.

- The total long-term liabilities decreased by $85,972 during the 2015 fiscal year including the addition of $858,000 payable to the Colorado Water Conservation Board. This money was used to support a Colorado Division of Local Affairs grant used for a city-wide automated meter reading system.

- The City received $203,521 in grant revenue during 2015. Approximately $68,543 of the grant funding assisted local non-profits who provide critical programs for juveniles and adult education, substance abuse treatment, and housing needs. The remaining grant amounts were used to help fund services to the Police Department, Planning Department, Library, Kennel, and services provided by the Historic Preservation Board.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Cortez's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

The statement of net assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities include general government, public safety, public works, and culture and recreation. The business type activities include water, recreation center, refuse, dispatch, shop, technology, and debt service interest.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requisites. The City funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental

funds are separated into the following major funds: general fund and street improvement fund. Minor funds included in governmental funds are: lodgers tax fund, conservation trust fund, equipment fund, emergency reserve fund, and the Mesa Verde Country Visitor Info Bureau which is a blended component unit of the City of Cortez. A blended component unit is one that is so intertwined with the City that it functions, for all practical purposes, as an integral part of the City.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The enterprise funds are used to account for water, refuse, airport, police dispatch, recreation center, fiber to business, and hydro-electric plant. Major proprietary funds are: water, hydroelectric plant, refuse, airport, and the recreation center. Nonmajor proprietary funds are: police dispatch, and fiber to business. The proprietary fund financial statements provide for separate information.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which is required to be disclosed by the Governmental Accounting Standards Board.

Capital Assets. Beginning with the 2003 financial statements the City of Cortez complied with capital assets reporting requirements as specified in Governmental Accounting Standards Board Statement 34 (GASB34). One of the requirements is to report capital assets in the government-wide financial statements.

The government-wide financial statements include information about capital assets and infrastructure and their related expenses.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the close of 2015, total net assets were $55,142,412. By far the largest portion of net assets is the investment in capital assets (net of related debt) of $41,733,961 (75.68% of net assets). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any 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 need to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's governmental and business-type net position for 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and Other Assets	9,675,434	11,627,283	6,785,356	6,415,960	16,460,790	18,043,243
Capital Assets Net	20,750,168	16,517,699	30,072,301	29,720,404	50,822,469	46,238,103
Net Pension Asset	135,256					
Total Assets	30,560,858	28,144,982	36,857,657	36,136,364	67,418,515	64,281,346
LIABILITIES						
Current Liabilities	1,966,658	584,689	1,116,067	1,002,044	3,082,725	1,586,733
Noncurrent Liabilities	582,310	561,683	8,433,505	8,403,709	9,015,815	8,965,392
Total Liabilities	2,548,968	1,146,372	9,549,572	9,405,753	12,098,540	10,552,125
DEFERRED OUTFOWS OF FINANCIAL RESOURCES	1,423	0	92,423	104,746		104,746
DEFERRED INFLOW OF FINANCIAL RESOURCES	271,409	270,590			271,409	270,590
NET POSITION						
Net Investment in Capital Assets	20,750,168	16,517,699	20,983,793	20,793,313	41,733,961	37,311,012
Restricted	4,196,468	4,646,655	698,304	763,450	4,894,772	5,410,105
Unrestricted	2,795,268	5,563,666	5,718,411	5,278,594	8,513,679	10,842,260
Total Net Position	**27,741,904**	**26,728,020**	**27,400,508**	**26,835,357**	**55,142,412**	**53,563,377**

A portion of net assets in governmental activities, $4,196,468 (1.51%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, $2,795,268 of net assets), may be used to meet the government’s ongoing obligations to citizens and creditors.

City of Cortez

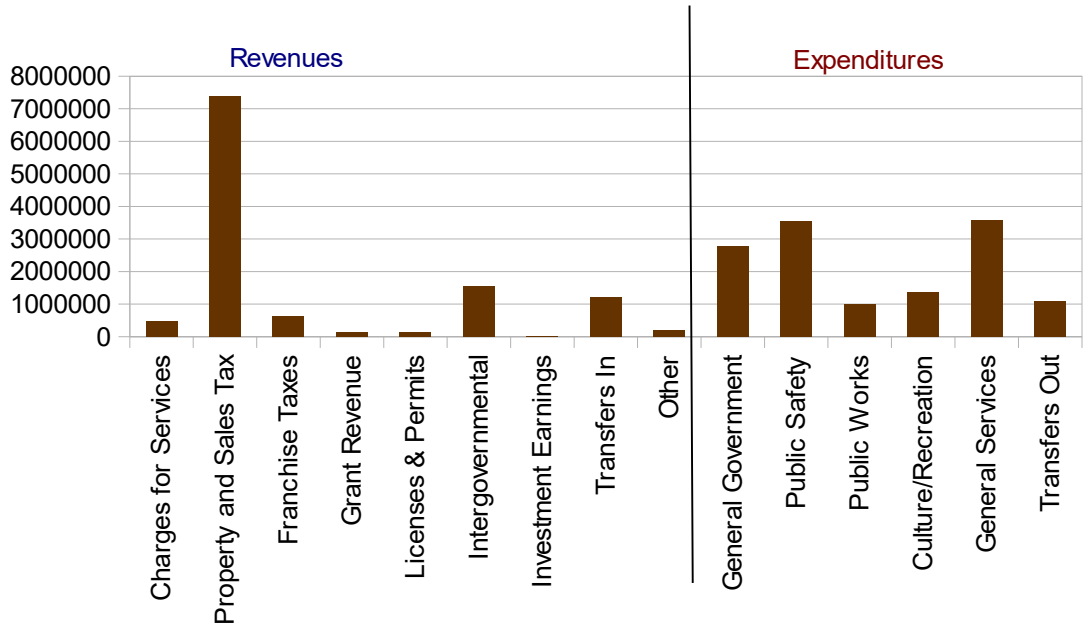
Management Discussion and Analysis

December 31, 2015

Governmental activities.

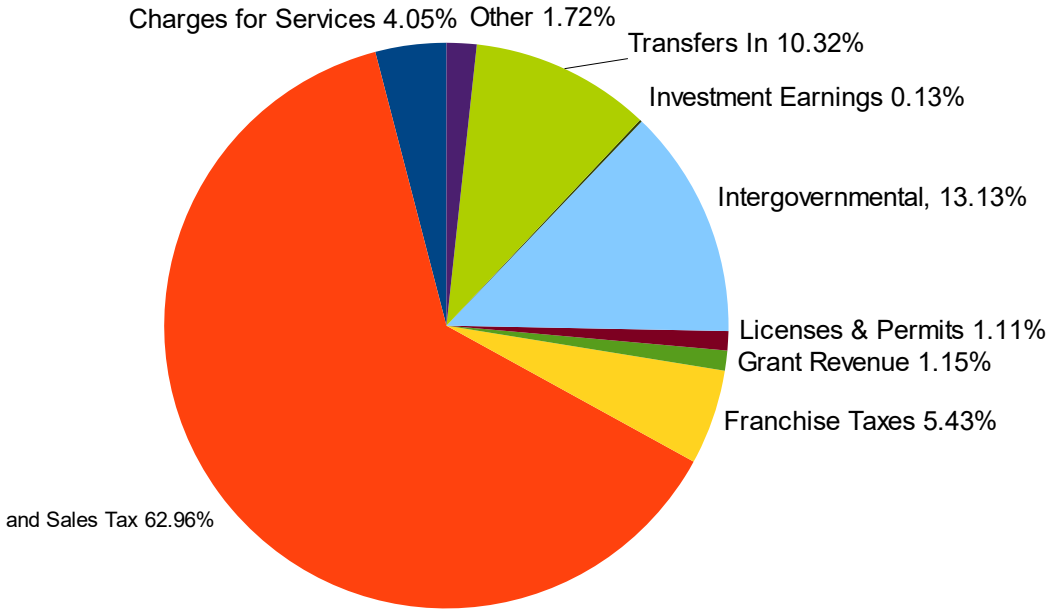
Governmental activities increased Cortez's net assets by $9,699 thereby accounting for .42% of total increase in assets.

2015 Expense and Program Revenues – Governmental Activities



Business Activities

Business-type activities for the year resulted in an increase of net assets of $2,327,750. Charges for services accounted for 73.4% of total revenues. Actual expenditures were $6,277,862.



D. FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. 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 2015, the City's governmental funds reported combined ending fund balances of $7,609,516 a decrease of $3,084,012 in comparison with the prior year. The City budgeted for a decrease of $542,836. Of the combined ending fund balances for all governmental funds 89.12% of this total amount, $9,439,685, constitutes unreserved fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve of $397,434.

The City has two major governmental funds. They are General and Street Improvement funds.

The General fund is the primary operating fund for the City of Cortez. At the end of 2015, $2,620,841 of the fund balance was unreserved. This represents 78.71% of the total fund balance. The reserved portion of this fund balance for 2015 represents prepaid expenditures and inventory.

The Street Improvement fund which accounts for 12.36% of sales tax collections and is used to improve the City's streets had a fund balance at the end of 2015
in the amount of $3,252,574 This was a decrease of $110,587 from 2012 year-end. $668,993 was spent for the improvement and maintenance of the City's streets and $287,163 was spent for the Broadway Median Beautification Project.

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

The City has ten proprietary funds, the Water Utility Fund, Airport Fund, Solid Waste Fund, Police Dispatch Fund, Recreation Center Fund, Shop Fund, Hydro Plant Fund, Cortez Community Network Fund, Technology Fund, and Self-Insured Health Fund. Unrestricted net position of the proprietary funds at the end of 2015 amounts to $5,511,094. The Water Utility Fund accounted for $1,959,725 and the Recreation Center Fund accounted for $2,672,851. Total net position increased by $184,596 in comparison with the prior year.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between original budget and the final amended budget for General fund activities resulted in an overall increase in appropriations of $1,958,887. This increase was a due to the purchase of the Cortez Journal building.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Cortez's investment in capital assets for its governmental and business type activities as of December 31, 2013, amounts to $46,655,754, an increase of $2,020,293 from the prior year. Depreciation of $1,686,779 was allocated in 2013. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, equipment, and infrastructure.

Long Term Debt. At the end of 2015, total bonded debt outstanding was $3,310,284. This debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). During 2011 these bonds were refinanced in order to realize further savings in the repayment of these bonds. At the end of 2015, the only outstanding bonded debt was secured by sales tax revenue and was used for the

construction and operations of the Cortez Recreation Center. The remaining outstanding debt not subject to voter approval is notes payable to the State of Colorado in the amount of $371,939; the Dolores Water Conservancy Board in the amount of $3,120,832; the Colorado Department of Local Affairs in the amount of $183,560; the Colorado Water Resources Power Dev. Authority in the amount of $891,802 and the Drinking Water Revolving Fund for $351,588; and the Colorado Water Conservation Board in the amount of $858,500. All debt was for Business-type activities. The City also had a liability at the end of 2015 for compensated absences in the amount of $710,363.

Governmental Activities

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due within on year	Interest Expense
Compensated Absences	**$561,684**	**$20,626**	**$0**	**$582,310**	**$0**	**$0**

Business-Type Activities

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due within on year	Interest Expense
2011 Refunding Revenue Bonds – Rec	$3,760,000		$500,000	$3,260,000	$500,000	$119,179
2011 Premiums	$57,995		$7,711	$50,284	$7,712	-$7,711
1986 Colorado Water Cons Board	$423,282		$51,343	$371,939	$53,909	$20,953
1986 Dolores Water Conservancy Dist	$3,174,488		$53,656	$3,120,832	$56,909	$192,469
2005 DOLA Water Loan	$197,459		$13,899	$183,560	$14,594	$9,641
2010 CWRPDA Water Loan	$371,504		$19,916	$351,588	$20,316	$7,264
2015 Colorado Water Cons Board	$0	$858,500	$0	$858,500	$78,046	$0
2009 CWRPDA Hydro Loan	$942,361		$50,559	$891,802	$51,569	$17,878
Compensated Absences	$173,701	-$46,443	-$795	$128,053	$0	$0
Total	**$9,100,790**	**$812,057**	**$696,289**	**$9,216,558**	**$783,055**	**$359,673**
2011 Bond Deferred Loss	$104,746	$0	$12,324	$92,422	$12,323	$12,324

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Cortez continues to maintain a healthy financial position, with reserves at levels required in the City's budget policy.

The City of Cortez has budgeted sales tax revenue conservatively for 2016 with an estimated increase of 2.5%.

Capital plans for 2015 are budgeted for $7,785,275. The largest capital project scheduled is $2,000,000 for the remodel of 123 Roger Smith Avenue funded by a Department of Local Affairs grant. The City also intends to replace the Centennial Park restroom and rebuild one of the tennis courts at Centennial Park into a pickleball court. The completion of the Paradise Village subdivision project is scheduled to be completed in 2016. The City will also extend the 7th Street sidewalk in order to accommodate foot traffic from the new High School. Street Improvements in 2016 include the construction of Cactus Street, so it is continuous from Highway 160 to 3rd Street. Overlay projects have been budgeted for in 2016; widen and overlay Hawkins Street and overlay S Beech Street between Hwy 160 and 1st Street. Two significant water line replacements are planned for 2016: Henry St. between E. Main and Empire and South Market from 7th to 10th Street.

The City will continue to provide cost effective services and will strive to respond to any challenging economic conditions we may face.

H. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Finance Director
City of Cortez
210 East Main Street
Cortez, CO 81321

Holscher, Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Honorable Mayor and Members of the City Council
City of Cortez
Cortez, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City of Cortez, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cortez, 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.

8310 South Valley Highway – Suite 300
Englewood, Colorado 80112
Voice (303) 993 – 2199
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Report on Summarized Comparative Information

We have previously audited the City of Cortez's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2014 financial statements have been restated to reflect the adoption of GASB Statement Number 68 – Accounting and Financial Reporting for Pensions. The adoption of the standard required restatement of the beginning 2015 fiscal year net positon. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1–M8 and pension schedules on pages 38-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 41-43 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. In addition, the combining and budgetary comparison statements and schedules on pages 44-66 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 67-68 and *Statistical Section* on pages 69-75, is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
September 30, 2016

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of government-wide operations as well as all governmental activities and business-type activities as of December 31, 2015.

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Government-Wide Financial Statements

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City of Cortez, Colorado
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash in Checking	$ 4,484,092	$ 2,633,007	$ 7,117,099
Petty Cash	5,032	1,941	6,973
Investments	3,073,752	1,591,776	4,665,528
Property Tax Receivable	115,195	-	115,195
Accounts Receivable	1,040,355	930,364	1,970,719
Special Assessment Receivable	155,868	-	155,868
Interfund Balances	590,700	409,300	1,000,000
Intergovernmental Receivable	85,021	150,487	235,508
Inventory	74,115	294,775	368,890
Prepaid Expenses	51,304	5,997	57,301
Total Current Assets	9,675,434	6,017,647	15,693,081
Capital Assets			
Capital Assets not being depreciated	1,152,583	4,921,300	6,073,883
Capital Assets being depreciated	19,597,585	25,151,001	44,748,586
Total Capital Assets	20,750,168	30,072,301	50,822,469
Other Assets			
Restricted Cash	-	767,709	767,709
Net Pension Asset	135,256	-	135,256
	30,560,858	36,857,657	67,418,515
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Deferred Charge on Refunding	-	92,423	92,423
Pension projected to actual investment earning difference, net	1,423	-	1,423
Total Deferred Outflows of Financial Resources	1,423	92,423	93,846
LIABILITIES			
Current Liabilities			
Accounts Payable	790,829	83,203	874,032
Accrued Payroll	168,025	63,388	231,413
Deposits	7,804	8,084	15,888
Accrued Interest Payable	-	32,074	32,074
Unearned Revenue	1,000,000	146,264	1,146,264
Noncurrent Liabilities - Due within one year	-	783,055	783,055
Total Current Liabilities	1,966,658	1,116,068	3,082,726
Noncurrent Liabilities			
Accrued Compensated Absences	582,310	128,052	710,362
Notes and Loans Payable	-	8,305,453	8,305,453
Total Noncurrent Liabilities	582,310	8,433,505	9,015,815
Total Liabilities	2,548,968	9,549,573	12,098,541
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	271,409	-	271,409
NET POSITION			
Net Investment in Capital Assets	20,750,168	20,983,793	41,733,961
Restricted	4,196,468	698,304	4,894,772
Unrestricted	2,795,268	5,718,410	8,513,678
Net Position, Ending	$ 27,741,904	$ 27,400,507	$ 55,142,411

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

City of Cortez, Colorado
Statement of Activities
Year Ended December 31, 2015

Function/Program	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 2,436,040	$ 134,847	$ 1,216,810	$ -
General Services	2,437,761	-	-	-
Public Safety	3,923,237	74,087	213,733	-
Public Works	1,078,232	72,884	381,060	-
Parks and Recreation	1,992,656	478,994	127,369	-
Internal Charges	(266,580)	-	-	-
Total Governmental Activitie	11,601,346	760,812	1,938,972	-
Business-type Activities				
Airport	490,642	209,453	-	-
Recreation	1,336,882	531,177	-	-
Water	2,334,044	2,258,839	-	231,033
Solid Waste Collection	1,038,254	1,194,928	-	-
Police Dispatch	726,090	761,685	-	-
Hydro Plant	88,631	60,275	-	-
City Community Network Fund	347,991	267,106	-	-
Total Business-type Activities	6,362,534	5,283,463	-	231,033
Total Government	$ 17,963,880	$ 6,044,275	$ 1,938,972	$ 231,033
General Revenues				
Property and Sales Taxes				
Franchise Taxes				
Interfund Charges				
Investment Earnings				
Miscellaneous Revenue				
Total General Revenues				
Change in Net Position				
Net Position, Beginning				
Prior Period Restatement				
Net Position, Beginning (As Restated)				
Net Position, Ending				

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

Net Revenue (Expense) and Changes in Net Position

Governmental Activities	Business-type Activities	Total
$ (1,084,383)	$ -	$ (1,084,383)
(2,437,761)	-	(2,437,761)
(3,635,417)	-	(3,635,417)
(624,288)	-	(624,288)
(1,386,293)	-	(1,386,293)
266,580	-	266,580
(8,901,562)	-	(8,901,562)
-	(281,189)	(281,189)
-	(805,705)	(805,705)
-	155,828	155,828
-	156,674	156,674
-	35,595	35,595
-	(28,356)	(28,356)
-	(80,885)	(80,885)
-	(848,038)	(848,038)
(8,901,562)	(848,038)	(9,749,600)
9,184,754	1,379,751	10,564,505
637,572	-	637,572
(99,456)	-	(99,456)
27,950	33,437	61,387
33,941	-	33,941
9,784,761	1,413,188	11,197,949
883,199	565,150	1,448,349
26,728,020	26,835,357	53,563,377
130,685	-	130,685
26,858,705	26,835,357	53,694,062
$ 27,741,904	$ 27,400,507	$ 55,142,411

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Fund Financial Statements

City of Cortez, Colorado
Balance Sheet
Governmental Funds
December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	General Fund	Street Improvement Fund	Nonmajor Funds	Total 2015	Total 2014
Assets					
Cash in Checking	$ 1,852,398	$ 1,402,103	$ 890,746	$ 4,145,247	$ 4,946,328
Petty Cash	4,424	-	456	4,880	4,769
Cash in Local Government Pools	-	-	-	-	1,737,252
Investments	1,268,774	904,056	700,000	2,872,830	2,168,695
Property Tax Receivable	115,195	-	-	115,195	108,369
Accounts Receivable	854,678	122,154	41,966	1,018,798	993,134
Special Assessment Receivable	54,626	101,242	-	155,868	160,396
Interfund Receivable	491,750	507,000	-	998,750	1,100,245
Intergovernmental Receivable	85,021	-	-	85,021	54,544
Inventory	44,445	-	-	44,445	50,659
Prepaid Expenses	25,542	159	24,755	50,456	32,674
Total Assets	$ 4,796,853	$ 3,036,714	$ 1,657,923	$ 9,491,490	$ 11,357,065
Liabilities					
Accounts Payable	$ 139,172	$ 269,732	$ 6,093	$ 414,997	$ 230,675
Accrued Payroll	149,968	3,010	2,786	155,764	134,387
Deposits	7,804	-	-	7,804	19,902
Unearned Revenue	1,000,000	-	-	1,000,000	7,983
Interfund Payables	-	-	32,000	32,000	-
Total Liabilities	1,296,944	272,742	40,879	1,610,565	392,947
Deferred Inflows of Financial Resources					
Deferred Property Taxes	170,167	101,242	-	271,409	270,590
Fund Balance					
Nonexpendable	69,987	159	24,755	94,901	83,333
Restricted	-	2,662,571	1,533,897	4,196,468	4,646,655
Committed	1,466	-	-	1,466	-
Assigned	637,448	-	58,392	695,840	1,057,075
Unassigned	2,620,841	-	-	2,620,841	4,906,465
Total Fund Balance	3,329,742	2,662,730	1,617,044	7,609,516	10,693,528
Total Liabilities, Deferred Inflows and Fund Balance	$ 4,796,853	$ 3,036,714	$ 1,657,923	$ 9,491,490	$ 11,357,065

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

City of Cortez, Colorado
Reconciliation of Governmental Fund Balance to
Governmental Activities Net Position
December 31, 2015

Governmental Fund Balance	$ 7,609,516
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets not being depreciated	1,152,583
Capital Assets being depreciated	33,170,751
Accumulated Depreciation	(13,608,603)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Compensated Absences	(547,142)
Certain long-term pension related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds:	
Difference between projected and actual investment returns on the pension plan	1,779
Amortization of investment return difference	(356)
Net pension asset (liability)	135,256
Internal service funds are blended into governmental activities:	
Internal Service Fund Net Position	(171,880)
Governmental Activities Net Position	$ 27,741,904

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

City of Cortez, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2015

(With Comparative Totals for the Year Ended December 31, 2014)

	General Fund	Street Improvement Fund	Nonmajor Funds	Total 2015	Total 2014
Revenues					
Property and Sales Taxes	$ 7,392,888	$ 1,255,796	$ 536,070	$ 9,184,754	$ 8,782,563
Franchise Taxes	637,572	-	-	637,572	606,980
Licenses, Permits and Fees	129,901	-	-	129,901	339,138
Intergovernmental Revenue	1,554,174	-	132,276	1,686,450	1,746,725
Charges for Services	523,705	725	29,500	553,930	518,284
Interfund Charges	167,124	-	-	167,124	70,000
Fines and Forfeits	76,981	-	-	76,981	83,951
Investment Earnings	18,530	8,203	1,217	27,950	22,010
Donation	49,001	-	-	49,001	47,877
Miscellaneous Revenue	24,630	2,348	6,963	33,941	120,742
Grant Revenue	134,978	-	68,543	203,521	239,034
Total Revenues	10,709,484	1,267,072	774,569	12,751,125	12,577,304
Expenditures					
General Government	1,511,682	-	519,592	2,031,274	1,906,593
General Services	4,985,764	-	244,140	5,229,904	2,197,936
Public Safety	3,811,407	-	-	3,811,407	3,654,284
Public Works	994,693	1,834,956	-	2,829,649	2,198,683
Parks and Recreation	1,893,506	-	39,397	1,932,903	1,882,966
Total Expenditures	13,197,052	1,834,956	803,129	15,835,137	11,840,462
Revenues in Excess (Deficiency) of Expenditures	(2,487,568)	(567,884)	(28,560)	(3,084,012)	736,842
Other Financing Sources (Uses)					
Transfers In	44,831	-	384,974	429,805	375,770
Transfers Out	(163,600)	-	(266,205)	(429,805)	(375,770)
Net Other Financing Sources (Uses)	(118,769)	-	118,769	-	-
Change in Fund Balance	(2,606,337)	(567,884)	90,209	(3,084,012)	736,842
Fund Balance, Beginning	5,936,079	3,230,614	1,526,835	10,693,528	9,956,686
Fund Balance, Ending	$ 3,329,742	$ 2,662,730	$ 1,617,044	$ 7,609,516	$ 10,693,528

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

City of Cortez, Colorado
Reconciliation of Change in Governmental Fund Balance to
Change in Governmental Activities Net Position
Year Ended December 31, 2015

Change in Governmental Fund Balance	$ (3,084,012)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized depreciable assets	4,730,461
Depreciation expense	(489,520)
Loss on disposal of capital assets	(25,238)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Compensated Absences	(16,031)
Pension expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial costs for the fiscal year:	
Current year projected to actual investment return difference	1,779
Current year amortization of overall investment return difference	(356)
Change in net pension asset (liability)	4,571
Internal service funds are blended into governmental activities:	
Internal Service Fund Net Position	(238,455)
Change in Governmental Activities Net Position	$ 883,199

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

City of Cortez, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2015
(With Comparative Totals for December 31, 2014)

	Business-type Activities				
	Airport Fund	Recreation Center Fund	Water Fund	Hydro Plant Fund	Solid Waste Collection Fund
ASSETS					
Current Assets					
Cash in Checking	$ 166,799	$ 392,630	$ 1,161,473	$ 10,324	$ 562,041
Petty Cash	-	1,341	600	-	-
Cash in Local Government Pools	-	-	-	-	-
Investments	-	1,106,027	360,749	-	125,000
Accounts Receivable	7,074	158,866	220,074	2,680	114,214
Interfund Receivable	-	1,000,000	20,000	-	-
Intergovernmental Receivable	-	-	150,487	-	-
Inventory	-	6,836	258,742	-	-
Prepaid Expenses	243	683	2,015	-	2,555
Total Current Assets	174,116	2,666,383	2,174,140	13,004	803,810
Capital Assets					
Capital Assets not being depreciated	718,874	-	4,202,426	-	-
Capital Assets being depreciated	7,091,610	7,336,029	9,016,881	954,124	260,708
Total Capital Assets	7,810,484	7,336,029	13,219,307	954,124	260,708
Other Assets					
Restricted Cash	-	326,000	372,304	69,405	-
Total Assets	7,984,600	10,328,412	15,765,751	1,036,533	1,064,518
DEFERRED OUTFLOW OF RESOURCES					
Deferred Charge on Refunding	-	92,423	-	-	-
LIABILITIES					
Current Liabilities					
Accounts Payable	8,452	22,532	28,214	72	19,787
Accrued Payroll	3,300	16,403	13,571	-	14,653
Deposits	-	8,084	-	-	-
Interfund Payables	-	-	-	28,700	-
Accrued Interest Payable	-	9,190	5,781	17,103	-
Unearned Revenue	-	-	146,264	-	-
Noncurrent Liabilities - Due within one year	-	507,712	223,774	51,569	-
Total Current Liabilities	11,752	563,921	417,604	97,444	34,440
Noncurrent Liabilities					
Accrued Compensated Absences	11,014	29,746	20,586	-	30,565
Notes and Loans Payable	-	2,802,571	4,662,647	840,235	-
Total Noncurrent Liabilities	11,014	2,832,317	4,683,233	840,235	30,565
Total Liabilities	22,766	3,396,238	5,100,837	937,679	65,005
NET POSITION					
Net Investment in Capital Assets	7,810,484	4,025,746	8,332,886	62,320	260,708
Restricted	-	326,000	372,304	-	-
Unrestricted	151,350	2,672,851	1,959,724	36,534	738,805
Net Position, Ending	$ 7,961,834	$ 7,024,597	$ 10,664,914	$ 98,854	$ 999,513

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

Business-type Activities		Govt Act.	Total	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	2015	2014
$ 339,740	$ 2,633,007	$ 338,845	$ 2,971,852	$ 2,654,649
-	1,941	152	2,093	2,093
-	-	-	-	320,114
-	1,591,776	200,922	1,792,698	2,586,136
427,456	930,364	21,557	951,921	796,478
-	1,020,000	-	1,020,000	-
-	150,487	-	150,487	298,959
29,197	294,775	29,670	324,445	286,195
501	5,997	848	6,845	8,944
796,894	6,628,347	591,994	7,220,341	6,953,568
-	4,921,300	-	4,921,300	4,921,300
491,649	25,151,001	35,437	25,186,438	24,817,775
491,649	30,072,301	35,437	30,107,738	29,739,075
-	767,709	-	767,709	832,855
1,288,543	37,468,357	627,431	38,095,788	37,525,498
-	92,423	-	92,423	104,746
4,146	83,203	375,832	459,035	280,242
15,461	63,388	12,261	75,649	64,781
-	8,084	-	8,084	4,584
582,000	610,700	376,050	986,750	1,092,262
-	32,074	-	32,074	34,173
-	146,264	-	146,264	120,906
-	783,055	-	783,055	697,083
601,607	1,726,768	764,143	2,490,911	2,294,031
36,141	128,052	35,168	163,220	204,273
-	8,305,453	-	8,305,453	8,230,008
36,141	8,433,505	35,168	8,468,673	8,434,281
637,748	10,160,273	799,311	10,959,584	10,728,312
491,649	20,983,793	35,437	21,019,230	20,811,984
-	698,304	-	698,304	763,450
159,146	5,718,410	(207,317)	5,511,093	5,326,498
$ 650,795	$ 27,400,507	$ (171,880)	$ 27,228,627	$ 26,901,932

City of Cortez, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Business-type Activities				
	Airport Fund	Recreation Center Fund	Water Fund	Hydro Plant Fund	Solid Waste Collection Fund
OPERATING REVENUES					
Intergovernmental Revenue	$ 9,637	$ -	$ -	$ -	$ -
Charges for Services	199,816	531,177	2,258,839	60,275	1,180,429
Interfund Charges	-	-	-	-	-
Miscellaneous Revenue	-	-	-	-	14,499
Total Operating Revenues	209,453	531,177	2,258,839	60,275	1,194,928
OPERATING EXPENSES					
Health Claims	-	-	-	-	-
Shop	-	-	-	-	-
Building Overhead	-	-	-	-	-
Technology	-	-	-	-	-
Fiber Network	-	-	-	-	-
Telecommunications	-	-	-	-	-
Administration	-	-	418,378	4,951	133,246
Filtration and Treatment	-	-	509,452	-	-
Transmission and Distribution	-	-	305,157	-	-
Airport Operations	187,592	-	-	-	-
Meter Maintenance	-	-	406,732	-	-
Collection	-	-	-	-	730,973
Recycling	-	-	-	-	146,625
Fiber Outside Plant	-	-	-	-	-
Fiber Administration	-	-	-	-	-
Fiber Inside Plant	-	-	-	-	-
Water Capital Projects	-	-	332	-	-
Recreation Center	-	967,828	-	-	-
Police Support Services	-	-	-	-	-
Capital Outlay	9,932	2,128	20,969	-	-
Depreciation	293,118	248,010	442,697	65,802	27,410
Total Operating Expenses	490,642	1,217,966	2,103,717	70,753	1,038,254
Operating Income (Loss)	(281,189)	(686,789)	155,122	(10,478)	156,674
Other Revenues (Expenses)					
Property and Sales Taxes	-	1,379,751	-	-	-
Investment Earnings	112	24,852	6,577	-	1,812
Interest Expense	-	(118,916)	(230,327)	(17,878)	-
Net Income (Loss) before Transfers	(281,077)	598,898	(68,628)	(28,356)	158,486
Transfers					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Capital Contributions	-	-	231,033	-	-
Change in Fund Balance	(281,077)	598,898	162,405	(28,356)	158,486
Net Position, Beginning	8,242,911	6,425,699	10,502,509	127,210	841,027
Net Position, Ending	$ 7,961,834	$ 7,024,597	$ 10,664,914	$ 98,854	$ 999,513

The accompanying notes are an integral part of the financial statements

Business-type Activities		Govt Act.	Total	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	2015	2014
$ -	$ 9,637	$ 3,720	$ 13,357	$ 29,337
698,636	4,929,172	268,085	5,197,257	5,024,163
295,155	295,155	1,750,506	2,045,661	3,102,814
35,000	49,499	1,282,696	1,332,195	225,224
1,028,791	5,283,463	3,305,007	8,588,470	8,381,538
-	-	2,224,962	2,224,962	1,721,958
-	-	604,517	604,517	785,936
-	-	146,901	146,901	111,082
-	-	408,142	408,142	345,827
-	-	3,828	3,828	96
-	-	42,904	42,904	10,048
25,971	582,546	-	582,546	520,406
-	509,452	-	509,452	397,421
-	305,157	-	305,157	317,684
-	187,592	-	187,592	192,315
-	406,732	-	406,732	159,103
-	730,973	-	730,973	760,768
-	146,625	-	146,625	116,601
109,721	109,721	-	109,721	154,007
-	-	-	-	12,736
51,111	51,111	-	51,111	40,111
-	332	-	332	-
-	967,828	-	967,828	1,000,301
721,051	721,051	-	721,051	680,308
75,380	108,409	102,646	211,055	437,225
90,847	1,167,884	11,925	1,179,809	1,139,939
1,074,081	5,995,413	3,545,825	9,541,238	8,903,872
(45,290)	(711,950)	(240,818)	(952,768)	(522,334)
-	1,379,751	-	1,379,751	1,321,777
84	33,437	2,363	35,800	25,883
-	(367,121)	-	(367,121)	(384,567)
(45,206)	334,117	(238,455)	95,662	440,759
-	-	-	-	76,350
-	-	-	-	(76,350)
-	-	-	-	-
-	231,033	-	231,033	502,431
(45,206)	565,150	(238,455)	326,695	943,190
696,001	26,835,357	66,575	26,901,932	25,958,742
$ 650,795	$ 27,400,507	$ (171,880)	$ 27,228,627	$ 26,901,932

City of Cortez, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Business-type Activities				
	Airport Fund	Recreation Center Fund	Water Fund	Hydro Plant Fund	Solid Waste Collection Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash flows from customers	$ 203,223	$ 514,148	$ 2,067,563	$ 57,595	$ 1,196,880
Cash flows from internal activities	(132,525)	(1,000,000)	(20,000)	27,013	-
Cash paid to suppliers	(63,969)	(387,432)	(1,003,141)	69,248	(418,092)
Cash paid to/for benefit of employees	(141,852)	(592,594)	(712,619)	(74,127)	(598,548)
Net Cash Provided (Used) by Operating Activities	(135,123)	(1,465,878)	331,803	79,729	180,240
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Capital asset acquisitions	-	(11,744)	(1,340,165)	-	(167,875)
Debt payments	-	(507,712)	719,687	(50,558)	-
Grant proceeds	298,959	-	231,033	-	-
Interest paid	-	(107,213)	(230,838)	(18,847)	-
Net Cash Provided (Used) by Capital Financing Activities	298,959	(626,669)	(620,283)	(69,405)	(167,875)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Tax Revenue	-	1,379,751	-	-	-
Transfers (to) from Other Funds	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	1,379,751	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	112	24,852	6,577	-	1,812
Net cash invested	-	799,596	(5,604)	-	-
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	112	824,448	973	-	1,812
CHANGE IN CASH	163,948	111,652	(287,507)	10,324	14,177
CASH AND EQUIVALENTS, Beginning	2,851	608,319	1,821,884	69,405	547,864
CASH AND EQUIVALENTS, Ending	$ 166,799	$ 719,971	$ 1,534,377	$ 79,729	$ 562,041
CASH PER BALANCE SHEET					
Cash in Checking	$ 166,799	$ 392,630	$ 1,161,473	$ 10,324	$ 562,041
Petty Cash	-	1,341	600	-	-
Cash in Money Markets	-	-	-	-	-
Restricted Cash	-	326,000	372,304	69,405	-
Total Cash and Equivalents, Ending	$ 166,799	$ 719,971	$ 1,534,377	$ 79,729	$ 562,041
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ (281,189)	$ (686,789)	$ 155,122	$ (10,478)	$ 156,674
Adjustments required to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	293,118	248,010	442,697	65,802	27,410
(Increase) Decrease in					
Accounts Receivable	(6,230)	(10,707)	(72,469)	(2,680)	1,952
Interfund Receivable	-	(1,000,000)	(20,000)	-	-
Intergovernmental Receivable	-	-	(150,487)	-	-
Inventory	-	(4,989)	(26,886)	-	-
Prepaid Expenses	45	250	1,045	-	467
Increase (Decrease) in					
Accounts Payable	6,531	(7,608)	(9,618)	72	(719)
Accrued Payroll	426	2,583	888	-	3,399
Deposits	-	3,500	-	-	-
Interfund Payables	(132,525)	-	-	27,013	-
Deferred Revenue	-	(6,322)	31,680	-	-
Accrued Compensated Absences	(15,299)	(3,806)	(20,169)	-	(8,943)
Net Reconciliation Adjustments	146,066	(779,089)	176,681	90,207	23,566
Net Cash Provided (Used) by Operating Activities	$ (135,123)	$ (1,465,878)	$ 331,803	$ 79,729	$ 180,240

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

Business-type Activities		Govt Act.	Total	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	2015	2014
$ 639,019	$ 4,678,428	$ 1,583,809	$ 6,262,237	$ 5,157,209
295,155	(830,357)	1,750,506	920,149	3,237,026
(228,133)	(2,031,519)	1,485,964	(545,555)	(1,231,972)
(742,984)	(2,862,724)	(4,837,189)	(7,699,913)	(6,566,481)
(36,943)	(1,046,172)	(16,910)	(1,063,082)	595,782
-	(1,519,784)	(28,690)	(1,548,474)	(396,793)
-	161,417	-	161,417	(674,292)
-	529,992	-	529,992	235,183
-	(356,898)	-	(356,898)	(374,850)
-	(1,185,273)	(28,690)	(1,213,963)	(1,210,752)
-	1,379,751	-	1,379,751	1,321,777
-	-	-	-	(10,340)
-	1,379,751	-	1,379,751	1,311,437
84	33,437	2,363	35,800	25,883
-	793,992	(554)	793,438	(200,582)
84	827,429	1,809	829,238	(174,699)
(36,859)	(24,265)	(43,791)	(68,056)	521,768
376,599	3,426,922	382,789	3,809,711	3,287,943
$ 339,740	$ 3,402,657	$ 338,998	$ 3,741,655	$ 3,809,711
$ 339,740	$ 2,633,007	$ 338,846	$ 2,971,853	$ 2,654,649
-	1,941	152	2,093	2,093
-	-	-	-	320,114
-	767,709	-	767,709	832,855
$ 339,740	$ 3,402,657	$ 338,998	$ 3,741,655	$ 3,809,711
$ (45,290)	$ (711,950)	$ (240,818)	$ (952,768)	$ (522,334)
90,847	1,167,884	11,925	1,179,809	1,139,939
(94,617)	(184,751)	29,308	(155,443)	(117,385)
-	(1,020,000)	-	(1,020,000)	-
-	(150,487)	-	(150,487)	-
4,115	(27,760)	(10,490)	(38,250)	29,120
91	1,898	201	2,099	1,914
3,369	(7,973)	186,770	178,797	(98,266)
1,974	9,270	1,598	10,868	12,935
-	3,500	-	3,500	2,803
-	(105,512)	-	(105,512)	134,212
-	25,358	-	25,358	(4,130)
2,568	(45,649)	4,596	(41,053)	16,974
8,347	(334,222)	223,908	(110,314)	1,118,116
$ (36,943)	$ (1,046,172)	$ (16,910)	$ (1,063,082)	$ 595,782

City of Cortez, Colorado
Statement of Fiduciary Net Position
Court Bond Agency Fund
December 31, 2015
(With Comparative Totals for December 31, 2014)

	2015	2014
ASSETS		
Cash in Checking	$ 5,333	$ 5,045
FIDUCIARY NET POSITION		
Funds Held for Others	$ 5,333	$ 5,045

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

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The City of Cortez became a home rule City in 1957. At that time, the citizens adopted the Council-Manager form of government. The citizens elect seven council members, non-partisan, at large, for staggered terms. At all general municipal elections there are elected four council persons. The three candidates receiving the highest number of votes serve four year terms and the candidate receiving the next highest number of votes serves a two-year term.

The Mayor and Mayor Pro-Tempore are selected by and from the City Council for a two-year term of office. Council serves as the legislative and policymaking body of the City. The City Manager, chief administrative officer for the City, is appointed by the Council and is responsible for the general administration of all City business.

The accounting policies of the City of Cortez, Colorado ("the City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

REPORTING ENTITY

In accordance with Governmental Accounting Standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based on the application of these criteria, the City is not included any other organization, but does include the Mesa Verde Country Visitor Information Bureau within its reporting entity as a blended Special Revenue Fund.

BASIS OF PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the City as a whole. The reporting information includes all of the non-fiduciary activities of the City. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

BASIS OF PRESENTATION (Continued)
Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements
The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental, proprietary, and fiduciary are presented, even though the latter are excluded from the government-wide financial statements. 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 would be aggregated and reported as non-major funds.

GOVERNMENTAL FUNDS
All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the collection and disbursement of specific revenue sources. The City's major Special Revenue Fund is the:

Street Improvement Fund – This fund accounts for the 12.36% of the City's sales tax collections (1/2 cent) that are to be used to improve the City's streets.

The City also reports the following non-major Special Revenue Funds:

Lodger's Tax Fund – This fund accounts for the use of lodger's tax revenues to promote tourism and commerce in the area.
Conservation Trust Fund – This fund accounts for State of Colorado lottery fund to be used for parks and recreation maintenance and capital investment.
Equipment Fund – This fund accounts for the 3.07% of the City's sales tax collections that are to be used to update and improve the City's equipment.
Emergency Reserve- TABOR Fund – These funds were set aside by the City to fund the required TABOR emergency reserve requirement as described in Note 10.
Mesa Verde Country® Visitor Information Bureau – This is the blended component unit described above.
Grants Fund – This fund accounts for grant revenues and pass-through grant expenditures.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

PROPRIETARY FUNDS

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 of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are as follows:

Airport Fund – This fund accounts for the operations of the City's airport.
Recreation Center Fund – This fund accounts for the construction, repayment of bonds and operations of the recreation center.
Water Fund – This fund accounts for the operation and maintenance of the City's water treatment and distribution system.
Hydro Plant Fund – This fund accounts for the operations of the City's hydroelectric power plant.
Solid Waste Collection Fund – This fund accounts for the collection and disposal of the City's solid waste refuse.

The City also reports the following non-major Enterprise Funds:

Police Dispatch Fund – This fund accounts for the City provided county-wide dispatch services.
City Community Network Fund – This fund accounts for the operations and maintenance of the City's fiber network.

The City reports the following Internal Service Funds:

Shop Fund - This fund accounts for the operation of the maintenance shop which provides repair and maintenance to the City's equipment and vehicles.
Technology Fund – This fund accounts for the City-wide computer information system operations.
Self-Insured Health Insurance Fund – This fund accounts for the self-insured portion of the City's health insurance plan.

FIDUCIARY FUND
The City reports the following fiduciary fund:

Court Bond Agency Fund – This fund accounts for those amounts collected and held on behalf of those remitting court bonds.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund 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 liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. 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 non-operating revenues and expenses.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available. These revenues could include certain property, sales and other tax collections, federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. The City generally considers funds received within 60 days subsequent to the end of the fiscal year to be measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the first Monday in November of each year, the City Manager shall submit to the Council a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget provides a complete financial plan for the City and includes the proposed expenditures for each office, department and agency for the ensuing year; debt service requirements for the ensuing fiscal year; an estimate of the amount of anticipated income from all sources other than taxes on property during the ensuing fiscal year, including estimated surplus cash at the end of the current year.
- The budget is required to be in sufficient detail to show each fund's estimated revenues by source and estimated expenditures. The budget shall be arranged to show comparative figures for receipts and expenditures for the last completed fiscal year, estimates for the current year, and the City Manager's recommendations for the ensuing fiscal year.
- A public hearing is conducted to obtain taxpayer comments.
- No later than the last day of December, the budget is legally adopted and appropriations are enacted by Ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by City Council.
- The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for the fund in total.
- The City Council may legally amend the budget by Ordinance once it has been approved. Budgeted amounts are shown as adopted by the City Council, including all amendments.
- All appropriations lapse at year end.
- Budgets are legally adopted for all non-fiduciary funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Enterprise and Internal Service Funds are presented on a non-GAAP budgetary basis. Tap fees, grant revenues and debt proceeds are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

CASH AND INVESTMENTS

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

PROPERTY TAXES

Property taxes for the City are levied by the City Council and certified for collection to Montezuma County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

INVENTORY

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

CAPITAL ASSETS

Property and equipment acquisitions made by the governmental funds are accounted for as expenditures of the fund, and are then capitalized in the government-wide financial statements. All purchased property and equipment are valued at cost, while donated assets are valued at their estimated fair market value as of the date received as a donation. The City capitalizes assets with a useful life in excess of five years and a cost of $5,000 or greater. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized as governmental activities in the government-wide financial statements.

Depreciation is provided on all capital assets shown in the government-wide presentation and is computed using the straight-line method over the following estimated useful lives of the assets.

Buildings and improvements	5 - 100 years
Infrastructure	15 - 25 years
Collection and distribution systems	30 - 50 years
Machinery and equipment	5 - 15 years

The City capitalizes interest costs during construction; however, none of the interest paid met the capitalization requirements during 2015.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

COMPENSATED ABSENCES

Employees of the City are allowed to accumulate unused vacation time up to 240 or 384 hours based on employment position and unused sick time up to 480 hours. Regular, full-time employees hired on, or before February 14, 1990, after completing twenty years of service, will be compensated for sick leave earned at a maximum of 480 hours upon separation.

Accumulated unpaid vacation pay is accrued when earned. In the government-wide presentation, accumulated compensated absences not expected to be paid with current available resources are reported as long-term liabilities. Governmental Activity compensated absences have normally been liquidated by the General Fund.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This element 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. The government has two items that qualify for reporting in this category, both related to outstanding pension obligations and further described in Note 5.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This 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 both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

NET POSITION/FUND BALANCES

In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

NET POSITION/FUND BALANCES (Continued)

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

NET POSITION/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, if allowed under the terms of the restriction. 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.

COMPARATIVE DATA
Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

ENCUMBRANCES
The City does not utilize encumbrance accounting.

NOTE 2: *DEPOSITS AND INVESTMENTS*

A summary of cash and investments as of December 31, 2015 follows:

Cash in Checking	$ 7,117,099
Petty Cash	6,973
Total Government-wide Cash and Equivalents	7,124,072
Investments	4,665,528
Total Government-wide Unrestricted Cash and Investments	11,789,600
Government-wide Restricted Cash Equivalents	767,709
Fiduciary Cash Equivalents	5,333
Total Cash and Investments	**$ 12,562,642**

The City's cash and investment balances are comprised of the following:

Cash and Equivalent Deposits	$ 7,897,115
Bank Investments	1,417,958
Other Investments	3,247,569
Total Investments	4,665,528
Total Cash and Investments	**$ 12,562,642**

NOTE 2: ***DEPOSITS AND INVESTMENTS*** (Continued)

Cash Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2015, all of the City's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Balance
Cash and Equivalents		
FDIC Insured	$ 408,061	$ 408,061
PDPA Collateralized (1)	7,635,268	7,482,081
Petty Cash	-	6,973
Total Cash and Equivalents	8,043,329	7,897,115
Investments		
FDIC Insured Investments	1,418,452	1,417,958
Total Cash and Bank Deposits	**$ 9,461,781**	**$ 9,315,073**

(1) - Not held in City's Name

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency's 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
- Guaranteed investment contracts

NOTE 2: ***DEPOSITS AND INVESTMENTS*** (Continued)

Investments (Continued)

Credit Risk (Continued)
The City's credit risk policy mirrors the state. The City's investments are as follows:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
Investments				
U.S. Instrumentalities:				
FNMA	$ 695,603	2.13	20.18%	AAA
FHLB	1,687,888	3.71	48.97%	AAA
FHLMC	198,889	4.41	5.77%	AAA
Municipal Bonds	44,561	2.92	1.29%	AA-
Mutual Funds	819,518	0.00	23.78%	N/A
Total Nonequivalent Investments	3,446,459	4.51	100.00%	
Total Investments held by City	**$ 3,446,459**	**4.51**	**100.00%**	

During the year ended December 31, 2015, the City invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by the Standard and Poor's Corporation.

Interest Rate Risk
The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Concentration of Credit Risk
The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in FNMA, FHLB, and FHLMC securities. These investments are 30%, 18%, and 10% of the City's total investments, respectively.

Custodial Credit Risk – Investments
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2015, the City's U.S. Treasury and Instrumentality securities were held by Gill Capital Partners in the name of the City.

NOTE 2: ***DEPOSITS AND INVESTMENTS*** **(Continued)**

Restricted Cash

The City has restricted a portion of its cash and investment balances to meet debt covenant requirements as follows:

	Rec Center	Water Fund	Hydro Plant	Total
Restricted for Debt Service	$ 326,000	$ -	$ 69,405	$ 395,405
Restricted for O & M Reserve	-	372,304	-	372,304
Total	**$ 326,000**	**$ 372,304**	**$ 69,405**	**$ 767,709**

NOTE 3: ***CAPITAL ASSETS***

A summary of changes in the governmental capital assets at December 31, 2015 follows:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,152,583	$ -	$ -	$ 1,152,583
Capital assets being depreciated				
Buildings	8,159,406	2,979,057	163,000	10,975,463
Machinery and equipment	7,685,890	296,527	76,067	7,906,350
Other improvements	4,601,211	-	-	4,601,211
Land improvements	526,813	-	-	526,813
Infrastructure	7,706,037	1,454,877	-	9,160,914
Internal service equipment	178,083	28,690	-	206,773
Total capital assets being depreciated	28,857,440	4,759,151	239,067	33,377,524
Less accumulated depreciation for:				
Buildings	2,716,279	140,051	147,379	2,708,951
Machinery and equipment	4,936,095	44,950	66,450	4,914,595
Other Improvements	4,015,270	139,693	-	4,154,963
Land improvements	88,612	9,566	-	98,178
Infrastructure	1,576,656	155,260	-	1,731,916
Internal service equipment	159,412	11,924	-	171,336
Total accumulated depreciation	13,492,324	501,444	213,829	13,779,939
Governmental activity capital assets, net	**$ 16,517,699**	**$ 4,257,707**	**$ 25,238**	**$ 20,750,168**

Depreciation has been allocated for the statement of activities as follows:

General Government	$ 62,794
General Services	161,675
Public Safety	117,824
Public Works	87,474
Parks and Recreation	59,753
Internal Service Fund	11,924
Total	$ 501,444

NOTE 4: ***CAPITAL ASSETS*** (Continued)

A summary of business-type capital assets at December 31, 2015 follows:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Business-Type Activities:				
Capital Assets not being depreciated				
Land	$ 718,874	$ -	$ -	$ 718,874
Water Rights	4,202,426	-	-	4,202,426
Total capital assets not being depreciated	4,921,300	-	-	4,921,300
Capital assets being depreciated				
Buildings	15,329,154	-	-	15,329,154
Machinery and equipment	3,193,324	206,379	84,590	3,315,113
Other Improvements	1,045,642	-	-	1,045,642
Infrastructure	17,834,378	1,313,401	-	19,147,779
Total capital assets being depreciated	37,402,498	1,519,780	84,590	38,837,688
Less: Accumulated Depreciation				
Buildings	4,570,028	496,685	-	5,066,713
Machinery and equipment	2,247,758	149,025	84,590	2,312,193
Other Improvements	384,665	51,747	-	436,412
Infrastructure	5,400,943	470,426	-	5,871,369
Total Accumulated Depreciation	12,603,394	1,167,883	84,590	13,686,687
Business-type activity capital assets, net	**$ 29,720,404**	**$ 351,897**	**$ -**	**$ 30,072,301**

Depreciation expense was allocated to the funds as follows:

Airport Fund	$ 293,118
Police Dispatch Fund	5,039
Recreation Center Fund	248,010
Water Fund	442,696
Hydro Plant Fund	65,802
Community Network Fund	85,808
Solid Waste Collection Fund	27,410
Total	$ 1,167,883

NOTE 5: *LONG-TERM DEBT*

Following is a summary of long-term debt transactions for the year ended December 31, 2015.

Governmental Activities

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due within one year	Interest Expense
Compensated Absences	**$ 561,684**	**$ 20,626**	**$ -**	**$ 582,310**	**$ -**	**$ -**

Business-Type Activities

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due within one year	Interest Expense
2011 Refunding Revenue Bonds - Rec	$ 3,760,000	$ -	$ 500,000	$ 3,260,000	$ 500,000	$ 119,179
2011 Premiums	57,995	-	7,711	50,284	7,712	(7,711)
1986 Colorado Water Cons Board	423,282	-	51,343	371,939	53,909	20,953
1986 Delores Water Conservancy Dist	3,174,488	-	53,656	3,120,832	56,909	192,469
2005 DOLA Water Loan	197,459	-	13,899	183,560	14,594	9,641
2010 CWRPDA Water Loan	371,504	-	19,916	351,588	20,316	7,264
2015 Colorado Water Cons Board	-	858,500	-	858,500	78,046	-
2009 CWRPDA Hydro Loan	942,361	-	50,556	891,805	51,569	17,878
Compensated Absences	173,701	(46,444)	(795)	128,052	-	-
Total	**$ 9,100,790**	**$ 812,056**	**$ 696,286**	**$ 9,216,560**	**$ 783,055**	**$ 359,673**
2011 Bond Deferred Charge	**$ 104,746**	**$ -**	**$ 12,323**	**$ 92,423**	**$ 12,323**	**$ 12,323**

Notes/Loan Payable – Water Fund

Loan payable to the Department of Local Affairs for water Improvements, payable in annual installments of $23,772 at 5 percent interest for 20 years.

Loan payable to the Colorado Water Conservation District, for construction of a raw water line, payable in annual installments of $72,506 at 5 percent interest for 40 years.

Loan payable to the Dolores Water Conservancy District for 1500 acre feet of water, payable in annual installments ranging from $57,866 to $246,160 at 6.063 percent interest for 50 years.

In 2010, the City approved a $525,000 loan from the Colorado Water Resources & Power Development Authority, to build a water facility, with an interest rate of 2 percent and annual payments through January 2030.

In 2015, the City entered into a loan with the Colorado Water Conservation Board for a water meter replacement project. The loan has an interest rate of 2.1% and is payable in annual installments of $96,074 through 2025.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Loan Payable – Hydro Plant Fund

In 2009, the City borrowed $1,456,891 from the Colorado Water Resources & Power Development Authority – Small Hydropower Loan Program, with an interest rate of 2 percent. The proceeds were used to build a hydroelectric power facility. Loan repayment commences January 15, 2011 until January 15, 2030.

Maturities of long-term debt for the Water and Hydro Plant Funds are:

Fiscal Year	Principal	Interest	Total Payment
2016	$ 275,343	$ 259,791	$ 533,130
2017	285,298	249,838	533,130
2018	295,694	239,442	533,130
2019	306,560	228,577	533,130
2020	317,914	217,225	533,130
2021-2025	1,472,747	918,455	2,381,142
2026-2030	1,034,826	679,124	1,713,884
2031-2035	602,540	381,960	984,500
2036-2040	681,788	273,788	955,576
2041-2045	505,511	98,453	603,969
Total	**$ 5,778,221**	**$ 3,546,653**	**$ 9,304,721**

Bonds Payable – Recreation Center Fund

In 2002, the City issued $8,915,000 in Sales Tax Revenue Recreation Bonds, Series 2002, with an interest rate ranging from 2.1 percent to 5.0 percent, and an average interest rate of 4.75 percent. The net proceeds of $8,170,313 (after accrued interest receipts of $12,714 and payments of $454,355 to fund the replacement reserve, $303,046, in underwriting fees, insurance, and other issuance costs) are to be used for the Recreation Center. Below are maturities of long-term debt:

Fiscal Year	Principal	Interest	Payment
2016	$ 500,000	$ 105,188	$ 605,188
2017	515,000	92,688	607,688
2018	535,000	77,238	612,238
2019	550,000	59,850	609,850
2020	570,000	40,600	610,600
2021	590,000	20,650	610,650
Total	**$ 3,260,000**	**$ 396,214**	**$ 3,656,214**

NOTE 6: *INTERFUND BALANCES*

The City has recorded the following routine operating transfers for the year ended December 31, 2015:

	Due From (To) Other Funds
General Fund	$ (508,250)
Lodgers Tax Fund	(32,000)
Grants Fund	507,000
Self Insured Health Fund	(376,050)
Recreation Fund	1,000,000
Water Fund	20,000
Hydro Plant Fund	(28,700)
City Community Network Fund	(582,000)
Net Balance	**$ -**

The City has reported the following amounts due and payable within one year between funds as of December 31, 2015:

	Transfers From (To) Other Funds
General Fund	$ (118,769)
Mesa Verde Country	384,974
Lodgers Tax Fund	(266,205)
Net Transfers	**$ -**

The City has reported the following internal charges between funds for the year ended December 31, 2015:

	Received (Paid) - Net										
		Shop			Technology		Self Insurance		Police	CCN	
Administrative Charges	**Admin Fee**	**Repairs**	**Overhead**	**Fuel**	**Computer**	**Telephone**	**Health**	**Dental**	**Dispatch**	**Fiber**	**Net**
General Fund	$ 167,124	$ (549,632)	$ (52,852)	$ (59,481)	$ (215,760)	$ (53,666)	$ (1,114,054)	$ (54,048)	$ (266,580)	$ (19,898)	$ (2,218,847)
Shop Fund	-	663,034	97,159	101,163	(7,440)	(9,997)	(65,523)	(3,723)	-	(2,000)	$ 772,673
Technology Fund	-	-	(6,727)	-	344,380	75,238	(26,965)	(1,492)	-	(605)	$ 383,829
Street Improvement Fund	-	-	-	-	-	-	(16,588)	(924)	-	-	$ (17,512)
Grant Fund	-	-	-	-	-	-	(5,729)	(480)			$ (6,209)
Self Insured Health Fund	-	-	-	-	-	-	1,757,910	90,960	-	-	$ 1,848,870
Airport Fund	-	(564)	-	(1,304)	(1,860)	-	(27,588)	(1,540)	-	-	$ (32,856)
Police Dispatch Fund	-	-	-	-	(24,180)	(1,578)	(145,843)	(8,324)	266,580	-	$ 86,655
Recreation Center Fund	-	-	-	-	(20,460)	(5,788)	(72,574)	(4,132)	-	(5,072)	$ (108,026)
Water Fund	(153,733)	(42,000)	(29,789)	(9,653)	(65,960)	(3,157)	(147,127)	(7,849)	-	(1,000)	$ (460,268)
City Community Network Fund	-	-	(2,986)	(593)	(1,860)	-	(13,791)	(770)	-	28,575	$ 8,575
Solid Waste Collection Fund	(13,391)	(70,838)	(4,805)	(30,132)	(6,860)	(1,052)	(122,128)	(7,678)	-	-	(256,884)
Net Charges	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

NOTE 7: *RETIREMENT COMMITMENTS*

City Employee's Defined Contribution Plan

Effective June 25, 1996, the City of Cortez Pension Plan, a single-employer defined benefit plan, was converted to the City of Cortez Money Purchase Plan, a single employer defined contribution plan. Assets of $169,344 were transferred to the new money accumulation pension plan and then to the respective employee accounts. The plan is administered by the ICMA Retirement Corporation. All permanent employees, including those covered by other City employee plans are required to participate in the plan. The plan provisions can be modified by the City Council. Contributions of 5% of gross salary are required from all participants and a matching contribution of 5% is made by the City to the plan. Contributions totaled $295,263, $284,752, and $280,592 in 2015, 2014 and 2013, respectively. The City has no liability for this plan beyond its current annual contribution.

Police Officer Death and Disability Plan

The police officer death and disability plan is administered through the Fire and Police Pension Association (FPPA). This plan is a non-contributory plan. All full-time, paid police officers of the City are members of the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. The City's current contribution to the plan for 2015, 2014, and 2013 was $24,052, $21,080, and $20,025, respectively. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the Statewide Death and Disability Plan.

Police Pension Defined Contribution Plan

Effective January 1, 1986, the City of Cortez Police Pension Plan, a single-employer defined benefit plan, was adopted as a single-employer defined contribution plan, IRS Code Section 401(A). All certified police officer employees are required to participate in the Plan. This Plan is a defined contribution money purchase plan. The City has no future liability to this Plan. Contributions of 8% of gross salary are required from all participants and a matching contribution of 8% is made by the City to the Plan. The City's contribution amount for 2015, 2014, and 2013 was $108,146, $107,070, and $102,926, respectively.

Deferred Compensation Plan

Pursuant to Governmental Accounting Standards Board Statement No. 32: *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* the City established a trust to hold the assets of its Deferred Compensation Plan, and modified the plan document to state that the plan is "held in trust for the exclusive benefit of participants and their beneficiaries." As such the plan's assets are no longer the property and rights of the City, and are not reflected in the financial statements of the City.

NOTE 7: ***RETIREMENT COMMITMENTS*** (Continued)

Cortez Old Hire Police Pension Plan

Plan Description. The Cortez Old Hire Pension Fund is a defined benefit, agent multiple-employer plan affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension Plan administered by FPPA.

Description of Benefits. The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the City Council.

Any officer who elects to retire on or after his normal retirement date (20 years of service and 55 years of age or upon completion of 25 years of service) shall be eligible for a monthly pension equal to one-half of his average monthly salary received one year before his retirement.

The plan also provides for cost of living adjustments and post-retirement death benefits. FPPA issues independent annual reports that may be obtained by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

Contributions. The City funds the Plan per provisions in the Plan document and Colorado statutes. The City shall contribute amounts required to fund the benefits provided by the Plan on a sound actuarial basis. The City contributes to the Cortez Old Hire Pension Fund at a rate determined in the following manner: at least every three (3) years, the Cortez Old Hire Pension Fund shall have an actuarial study prepared to determine the funds required. The required funds will be paid annually from general revenues of the City into the Cortez Old Hire Pension Fund.

The Plan is administered by the City Council.

The financial statements of the Old Hire Plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

Administrative costs of the Plan are paid from the pension fund (CRS 31-30.5-204(3)). There are no investments in, loans to, or leases with parties related to the Plan.

NOTE 7: ***RETIREMENT COMMITMENTS*** (Continued)

Cortez Old Hire Police Pension Plan (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the City reported a net pension asset of $135,256. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the City recognized no pension expense. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan investments	$ 1,423	$ -
Total	$ 1,423	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2016	$ (356)
2017	(356)
2018	(356)
2019	(355)
Total	$ (1,423)

Actuarial Assumptions. The January 1, 2014 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2014. The valuation used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	15 Years*
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary increase, including wage inflation	N/A
Long-term investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment
	Disabled: RP2000 Diabled Mortality Table,
	All tables projected with Scale AA
* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants	

NOTE 7: ***RETIREMENT COMMITMENTS*** (Continued)

Cortez Old Hire Police Pension Plan (Continued)

Actuarial Assumptions. (Continued)

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the City's the net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension asset (liability)	$ 126,182	$ 132,256	$ 143,458

NOTE 7: ***RETIREMENT COMMITMENTS*** (Continued)

Cortez Old Hire Police Pension Plan (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

Changes in net pension (asset) liability for the City's agent multiple-employer plan is listed below:

Schedule of Changes in City's Net Pension (Asset) Liability

Total Pension Liability		2015
Interest	$	11,472
Benefit payments		(19,019)
Net changes in total pension liability		(7,547)
Total Pension Liability - beginning		162,303
Total Pension Liability - ending (a)	$	154,756
Plan Fiduciary Net Position		
Net investment Income	$	19,372
Benefit payments,including refunds of employee contributions		(19,019)
Administrative expense		(3,329)
Net change in plan fiduciarty net position		(2,976)
Plan fiduciary net position - beginning		292,988
Plan fiduciary net position - ending(b)	$	290,012
City's net pension (asset) liability - ending (a)-(b)	$	(135,256)

There were no changes in the benefit terms, assumptions or other inputs during the fiscal year.

Membership. As of the December 31, 2014 measurement date, pension plan membership consisted of one retiree beneficiary.

NOTE 8: *RECONCILIATION OF GAAP BASIS REVENUES AND EXPENSES TO BUDGETARY BASIS (NON-GAAP)*

Following is a reconciliation of GAAP revenues and expenses to the budgetary basis of accounting (non-GAAP basis) for the Proprietary Funds:

	Airport Fund	Recreation Fund	Water Fund	Hydro Plant Fund	Solid Waste Collection Fund	Non-Major Enterprise Funds
GAAP Basis Revenues	$ 209,565	$ 1,935,780	$ 2,265,416	$ 60,275	$ 1,196,740	$ 1,028,875
Capital Contributions	-	-	231,033	-	-	-
Budget Basis Revenues	**$ 209,565**	**$ 1,935,780**	**$ 2,496,449**	**$ 60,275**	**$ 1,196,740**	**$ 1,028,875**
GAAP Basis Expenses	$ 490,642	$ 1,336,882	$ 2,334,044	$ 88,631	$ 1,038,254	$ 1,074,081
Capital Outlay	-	11,744	1,340,165	-	167,874	-
Depreciation	-	-	-	-	-	-
Debt Service Principal	-	507,711	138,814	50,556	-	-
Budget Basis Expenditures	**$ 490,642**	**$ 1,856,337**	**$ 3,813,023**	**$ 139,187**	**$ 1,206,128**	**$ 1,074,081**

NOTE 9: *RISK MANAGEMENT*

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

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

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 stated liability of 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 at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage. The City carries commercial insurance for worker's compensation coverage.

NOTE 9: ***RISK MANAGEMENT*** (Continued)

Self-Insurance

The City self-insures its medical insurance claims and is fully self-insured for health insurance compensation. A summary of the City's self-insured claims and liability is as follows:

IBNR Claim Liability	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
12/31/2014	$ 183,182	$ 1,743,959	$ 1,753,260	$ 173,881
12/31/2015	$ 173,881	$ 1,721,958	$ 1,543,711	$ 352,128

NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

Tabor Amendment – 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 government. In 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1995 and subsequent years, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of $366,691 was recorded in the Emergency Reserve - Tabor Fund.

Through the adoption of the 2016 budget the City has assigned the following resources:

Budgeted Expenditures in Excess of Revenues	
General Fund	$ 637,448
Water Fund	968,000
Hydro Plan Fund	86,957
Solid Waste Fund	86,993
Airport Fund	352,407
Police Dispatch Fund	46,681
Community Network Fund	169,036
Technology Fund	218,328
Health Fund	54,601
Equipment Fund	474,425
Lodgers Tax Fund	13,429
Street Improvement Fund	548,516
Conservation Trust Fund	56,985
Insurance Loss Reserve	
Equipment Fund	$ 200,000

NOTE 11: ***DEFICIT FUND BALANCE AND BUDGET VIOLATION***

The Self-Insurance Health Fund has a negative ending balance of $646,911 and reported expenditures in excess of appropriations by $152,762. This may be a violation of state statute.

NOTE 12: ***PRIOR PERIOD RESTATEMENT***

For the fiscal year, the District adopted GASB Statement Number 68 – Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27. The statement places a long term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future pension obligations. The District has restated the beginning net position for the governmental activities for those balances that were applicable as of December 31, 2014. This resulted in an increase in net position of $130,685, resulting in a restated ending December 31, 2014 net position of $26,858,705.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORTEZ, COLORADO

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION (ASSET) LIABILITY
Cortez Old Hire Police Pension Fund
Last 10 Fiscal Years[1]

	12/31/2015
Total Pension Liability	
Interest	$ 11,472
Benefit payments	(19,019)
Net changes in total pension liability	(7,547)
Total Pension Liability - beginning	162,303
Total Pension Liability - ending (a)	$ 154,756
Plan Fiduciary Net Position	
Contributions - employer	$ -
Net investment Income	19,372
Benefit payments,including refunds of employee contributions	(19,019)
Administrative expense	(3,329)
Net change in plan fiduciary net position	(2,976)
Plan fiduciary net position - beginning	292,988
Plan fiduciary net position - ending(b)	$ 290,012
City's net pension (asset) liability - ending (a)-(b)	$ (135,256)

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF CORTEZ, COLORADO

SCHEDULE OF THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Cortez Old Hire Police Pension Fund
Last 10 Fiscal Years[1]

	12/31/15	12/31/14
Total Pension Liability	$ 154,756	$ 162,303
Plan's Fiduciary Net Position	(290,012)	(292,988)
Net Pension (Asset) Liability	$ (135,256)	$ (130,685)
Plan's Fiduciary Net Position as % of Total Pension Liability	187.40%	180.52%
Covered-Employee Payroll	$ -	$ -
Net Pension Liability as a % of Covered-employee Payroll	N/A	N/A

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF CORTEZ, COLORADO

SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS
Cortez Old Hire Police Pension Fund
Last 10 Fiscal Years[1]

	2014
Actuarially determined contributions	$ -
Actual contributions	-
Contribution deficiency (excess)	$ -
City's covered-employee payroll	$ -
Contributions as a percentage of covered-employee payroll	N/A

Note: See Note 4 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

[1] - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)
(See Note 1 to Financial Statements for Budget Policies)

City of Cortez, Colorado
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Property and Sales Taxes	$ 7,361,850	$ 7,546,990	$ 7,392,888	$ (154,102)	$ 7,085,072
Franchise Taxes	619,000	624,000	637,572	13,572	606,980
Licenses, Permits and Fees	187,800	221,150	129,901	(91,249)	339,138
Grant Revenue	236,500	236,988	134,978	(102,010)	148,242
Intergovernmental Revenue	1,297,800	1,584,833	1,554,174	(30,659)	1,620,172
Charges for Services	494,500	537,283	523,705	(13,578)	493,625
Interfund Charges	167,124	167,124	167,124	-	70,000
Fines and Forfeits	79,200	89,400	76,981	(12,419)	83,951
Donation	45,400	56,112	49,001	(7,111)	47,877
Investment Earnings	16,000	17,670	18,530	860	14,765
Miscellaneous Revenue	272,800	23,551	24,630	1,079	105,705
Total Revenues	10,777,974	11,105,101	10,709,484	(395,617)	10,615,527
EXPENDITURES					
General Government					
City Council	204,299	151,268	170,475	(19,207)	105,958
City Attorney	74,635	74,635	74,490	145	80,642
Human Resources	194,927	189,240	176,111	13,129	166,815
Municipal Court	140,131	135,645	123,189	12,456	117,850
City Manager	245,439	267,170	250,191	16,979	245,622
Finance Department	430,466	472,411	428,974	43,437	398,146
Passthrough Grants	-	20,000	17,332	2,668	43,083
Overhead	-	-	4,405	(4,405)	169
City Clerk	117,772	107,579	107,277	302	99,475
Grants Administrator	47,576	40,351	35,088	5,263	37,514
Special Events	117,088	127,987	124,150	3,837	104,156
Total General Government	1,572,333	1,586,286	1,511,682	74,604	1,399,430
General Services					
Equipment	865,392	857,405	824,872	32,533	794,081
Administration	368,411	126,921	135,501	(8,580)	109,654
Capital Projects	855,000	3,160,000	3,186,339	(26,339)	80,740
Building Maintenance	210,885	212,945	206,416	6,529	202,755
City Hall Operations	59,300	59,300	39,194	20,106	40,477
General Services Capital	-	-	17,420	(17,420)	-
Welcome Center	137,971	151,983	129,680	22,303	105,460
Planning and Building	607,438	467,948	446,342	21,606	423,791
Total General Services	3,104,397	5,036,502	4,985,764	50,738	1,756,958

(Continued)
See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
	(Continued)				
Public Safety					
Police Administration	409,115	457,372	416,298	41,074	358,609
Patrol	2,042,815	2,048,854	2,007,148	41,706	1,872,491
Police Support Services	470,431	472,983	464,980	8,003	481,257
Police Investigation	517,165	518,125	465,217	52,908	478,365
Police Corrections	130,000	130,500	118,524	11,976	150,299
Building Operations	160,729	209,726	185,385	24,341	117,790
Kennel Operations	223,678	216,560	153,855	62,705	195,473
Total Public Safety	3,953,933	4,054,120	3,811,407	242,713	3,654,284
Public Works					
P.W. Administration	280,710	281,099	293,428	(12,329)	290,799
Streets & Utilities	389,468	371,821	401,310	(29,489)	366,079
Traffic Services	147,250	136,250	147,074	(10,824)	147,187
Snow and Ice Removal	42,030	27,030	16,956	10,074	17,170
Street Cleaning	144,420	141,966	135,925	6,041	139,200
Total Publc Works	1,003,878	958,166	994,693	(36,527)	960,435
Parks and Recreation					
Administration	94,404	94,762	94,343	419	94,538
Aquatics	145,462	157,131	154,894	2,237	141,577
Golf Course Administration	62,110	65,582	58,822	6,760	55,932
Golf Course Maintenance	424,824	400,159	417,460	(17,301)	395,989
City Parks	550,380	540,111	514,153	25,958	480,373
Recreation	127,745	124,971	103,672	21,299	108,840
Parks and Recreation Capital	41,000	16,776	14,526	2,250	28,291
Library	493,437	498,224	535,636	(37,412)	488,366
Total Parks and Recreation	1,939,362	1,897,716	1,893,506	4,210	1,793,906
Total Expenditures	11,573,903	13,532,790	13,197,052	335,738	9,565,013
Revenues In Excess (Deficiency) of Expenditures	(795,929)	(2,427,689)	(2,487,568)	(59,879)	1,050,514
Other Financing Sources (Uses)					
Transfers In	11,526	1,046,105	44,831	(1,001,274)	39,600
Transfers Out	(163,600)	(163,600)	(163,600)	-	(163,600)
Net Other Financing Sources (Uses)	(152,074)	882,505	(118,769)	(1,001,274)	(124,000)
Change in Fund Balance	(948,003)	(1,545,184)	(2,606,337)	(1,061,153)	926,514
Fund Balance, Beginning	4,818,476	4,818,476	5,936,079	1,117,603	5,009,565
Fund Balance, Ending	$ 3,870,473	$ 3,273,292	$ 3,329,742	$ 56,450	$ 5,936,079

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
Street Improvement Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Property and Sales Taxes	$ 1,256,870	$ 1,281,228	$ 1,255,796	$ (25,432)	$ 1,203,031
Charges for Services	7,500	725	725	-	-
Investment Earnings	5,250	5,550	8,203	2,653	5,612
Miscellaneous Revenue	9,000	7,500	2,348	(5,152)	7,645
Total Revenues	1,278,620	1,295,003	1,267,072	(27,931)	1,216,288
EXPENDITURES					
Public Works					
Streets & Utilities	1,023,000	1,012,000	1,500,191	(488,191)	-
Public Works Capital	800,273	465,037	334,765	130,272	1,238,248
Total Publc Works	1,823,273	1,477,037	1,834,956	(357,919)	1,238,248
Change in Fund Balance	(544,653)	(182,034)	(567,884)	(385,850)	(21,960)
Fund Balance, Beginning	2,407,004	2,407,004	3,230,614	823,610	3,252,574
Fund Balance, Ending	$ 1,862,351	$ 2,224,970	$ 2,662,730	$ 437,760	$ 3,230,614

See accompanying Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

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COMBINING NONMAJOR GOVERNMENTAL FUNDS

City of Cortez, Colorado
Balance Sheet
Nonmajor Governmental Funds
December 31, 2015
(With Comparative Totals for December 31, 2014)

	Lodger's Tax Fund	Grant Fund	Emergency Reserve - TABOR Fund
Assets			
Cash in Checking	$ 28,210	$ -	$ 366,691
Petty Cash	-	-	-
Cash in Local Government Pools	-	-	-
Investments	-	-	-
Accounts Receivable	6,625	-	-
Intergovernmental Receivable	-	-	-
Prepaid Expenses	-	-	-
Total Assets	$ 34,835	$ -	$ 366,691
Liabilities			
Accounts Payable	$ 4	$ -	$ -
Accrued Payroll	-	-	-
Interfund Payables	32,000	-	-
Total Liabilities	32,004	-	-
Fund Balance			
Nonexpendable	-	-	-
Restricted	-	-	366,691
Assigned	2,831	-	-
Total Fund Balance	2,831	-	366,691
Total Liabilities and Fund Balance	$ 34,835	$ -	$ 366,691

See accompanying Independent Auditors' Report

Equipment Fund	Conservation Trust Fund	Mesa Verde Country® Visitor Info Bureau	Total 2015	Total 2014
$ 370,239	$ 67,709	$ 57,897	$ 890,746	$ 777,029
-	-	456	456	700
-	-	-	-	517,175
700,000	-	-	700,000	200,000
30,341	-	5,000	41,966	46,415
-	-	-	-	15,607
-	-	24,755	24,755	1,534
$ 1,100,580	$ 67,709	$ 88,108	$ 1,657,923	$ 1,558,460
$ 1,083	$ -	$ 5,006	$ 6,093	$ 20,958
-	-	2,786	2,786	2,684
-	-	-	32,000	7,983
1,083	-	7,792	40,879	31,625
-	-	24,755	24,755	1,534
1,099,497	67,709	-	1,533,897	1,416,229
-	-	55,561	58,392	109,072
1,099,497	67,709	80,316	1,617,044	1,526,835
$ 1,100,580	$ 67,709	$ 88,108	$ 1,657,923	$ 1,558,460

City of Cortez, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Lodger's Tax Fund	Grant Fund	Emergency Reserve - TABOR Fund
Revenues			
Property and Sales Taxes	$ 224,153	$ -	$ -
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Investment Earnings	4	-	464
Miscellaneous Revenue	-	-	-
Grant Revenue	-	68,543	-
Total Revenues	224,157	68,543	464
Expenditures			
General Government	192	68,543	-
General Services	-	-	-
Parks and Recreation	-	-	-
Total Expenditures	192	68,543	-
Revenues in Excess (Def.) of Expend.	223,965	-	464
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	(266,205)	-	-
Net Other Financing Sources (Uses)	(266,205)	-	-
Change in Fund Balance	(42,240)	-	464
Fund Balance, Beginning	45,071	-	366,227
Fund Balance, Ending	$ 2,831	$ -	$ 366,691

See accompanying Independent Auditors' Report

Equipment Fund	Conservation Trust Fund	Mesa Verde Country Visitor Info Bureau	Total 2015	Total 2014
$ 311,917	$ -	$ -	$ 536,070	$ 494,460
-	82,276	50,000	132,276	126,553
-	-	29,500	29,500	24,659
731	18	-	1,217	1,633
5,799	-	1,164	6,963	7,392
-	-	-	68,543	90,792
318,447	82,294	80,664	774,569	745,489
-	-	450,857	519,592	507,163
244,140	-	-	244,140	440,978
-	39,397	-	39,397	89,060
244,140	39,397	450,857	803,129	1,037,201
74,307	42,897	(370,193)	(28,560)	(291,712)
-	-	384,974	384,974	336,170
-	-	-	(266,205)	(212,170)
-	-	384,974	118,769	124,000
74,307	42,897	14,781	90,209	(167,712)
1,025,190	24,812	65,535	1,526,835	1,694,547
$ 1,099,497	$ 67,709	$ 80,316	$ 1,617,044	$ 1,526,835

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SPECIAL REVENUE FUNDS

City of Cortez, Colorado
Budgetary Comparison Schedule -
Lodger's Tax Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Property and Sales Taxes	$ 230,526	$ 236,078	$ 224,153	$ (11,925)	$ 195,649
Investment Earnings	31	9	4	(5)	7
Total Revenues	230,557	236,087	224,157	(11,930)	195,656
EXPENDITURES					
General Government					
City Council	-	250	192	58	222
Revenues In Excess (Deficiency) of Expend.	230,557	235,837	223,965	(11,872)	195,434
Other Financing Sources (Uses)					
Transfers Out	(267,479)	(267,479)	(266,205)	1,274	(212,170)
Change in Fund Balance	(36,922)	(31,642)	(42,240)	(10,598)	(16,736)
Fund Balance, Beginning	56,923	56,923	45,071	(11,852)	61,807
Fund Balance, Ending	$ 20,001	$ 25,281	$ 2,831	$ (22,450)	$ 45,071

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
Grant Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Grant Revenue	$ 44,456	$ 96,818	$ 68,543	$ (28,275)	$ 90,792
EXPENDITURES					
General Government					
Passthrough Grant Expenses	44,456	96,818	68,543	28,275	90,792
Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -	$ -

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
Emergency Reserve - TABOR Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Investment Earnings	$ -	$ -	$ 464	$ 464	$ 1,097
Fund Balance, Beginning	-	-	366,227	366,227	365,130
Fund Balance, Ending	$ -	$ -	$ 366,691	$ 366,691	$ 366,227

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
Equipment Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Property and Sales Taxes	$ 300,964	$ 306,610	$ 311,917	$ 5,307	$ 298,811
Investment Earnings	420	700	731	31	514
Miscellaneous Revenue	1,500	1,500	5,799	4,299	7,392
Total Revenues	302,884	308,810	318,447	9,637	306,717
EXPENDITURES					
General Services					
Shop	-	-	-	-	65
Equipment	250,400	291,890	244,140	47,750	440,913
Total Expenditures	250,400	291,890	244,140	47,750	440,978
Revenues In Excess (Deficiency) of Expend.	52,484	16,920	74,307	57,387	(134,261)
Other Financing Sources (Uses)					
Transfers Out	(500,000)	-	-	-	-
Change in Fund Balance	(447,516)	16,920	74,307	57,387	(134,261)
Fund Balance, Beginning	1,003,020	1,003,020	1,025,190	22,170	1,159,451
Fund Balance, Ending	$ 555,504	$ 1,019,940	$ 1,099,497	$ 79,557	$ 1,025,190

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Budgetary Comparison Schedule -
Conservation Trust Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
REVENUES					
Intergovernmental Revenue	$ 85,000	$ 82,000	$ 82,276	$ 276	$ 81,553
Investment Earnings	30	15	18	3	15
Total Revenues	85,030	82,015	82,294	279	81,568
EXPENDITURES					
CTF Recreation Center	82,000	39,398	39,397	1	89,060
Change in Fund Balance	3,030	42,617	42,897	280	(7,492)
Fund Balance, Beginning	27,320	27,320	24,812	(2,508)	32,304
Fund Balance, Ending	$ 30,350	$ 69,937	$ 67,709	$ (2,228)	$ 24,812

See accompanying Independent Auditors' Report

ENTERPRISE FUNDS

City of Cortez, Colorado
Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2015
(With Comparative Totals for December 31, 2014)

	Business-type Activities		Total	
	Police Dispatch Fund	City Community Network Fund	2015	2014
ASSETS				
Current Assets				
Cash in Checking	$ 219,029	$ 120,711	$ 339,740	$ 376,599
Accounts Receivable	-	427,456	427,456	332,839
Inventory	-	29,197	29,197	33,312
Prepaid Expenses	230	271	501	592
Total Current Assets	219,259	577,635	796,894	743,342
Capital Assets				
Capital Assets being depreciated	-	491,649	491,649	582,497
Total Assets	219,259	1,069,284	1,288,543	1,325,839
LIABILITIES				
Current Liabilities				
Accounts Payable	(2,849)	6,995	4,146	778
Accrued Payroll	13,767	1,694	15,461	13,487
Interfund Payables	-	582,000	582,000	582,000
Total Current Liabilities	10,918	590,689	601,607	596,265
Noncurrent Liabilities				
	28,876	7,265	36,141	33,573
Total Liabilities	39,794	597,954	637,748	629,838
NET POSITION				
Net Investment in Capital Assets	-	491,649	491,649	582,497
Unrestricted	179,465	(20,319)	159,146	113,504
Net Position, Ending	$ 179,465	$ 471,330	$ 650,795	$ 696,001

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Business-type Activities		Total	
	Police Dispatch Fund	City Community Network Fund	2015	2014
OPERATING REVENUES				
Charges for Services	$ 460,105	$ 238,531	$ 698,636	$ 584,969
Interfund Charges	266,580	28,575	295,155	316,592
Miscellaneous Revenue	35,000	-	35,000	122,206
Total Operating Revenues	761,685	267,106	1,028,791	1,023,767
OPERATING EXPENSES				
Administration	-	25,971	25,971	66,266
Fiber Outside Plant	-	109,721	109,721	154,007
Fiber Administration	-	-	-	12,736
Fiber Inside Plant	-	51,111	51,111	40,111
Police Support Services	721,051	-	721,051	680,308
Capital Outlay	-	75,380	75,380	8,195
Depreciation	5,039	85,808	90,847	100,169
Total Operating Expenses	726,090	347,991	1,074,081	1,061,792
Operating Income (Loss)	35,595	(80,885)	(45,290)	(38,025)
Other Revenues (Expenses)				
Investment Earnings	84	-	84	102
Change in Net Position	35,679	(80,885)	(45,206)	(37,923)
Net Position, Beginning	143,786	552,215	696,001	733,924
Net Position, Ending	$ 179,465	$ 471,330	$ 650,795	$ 696,001

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Business-type Activities		Total	
	Police Dispatch Fund	City Community Network Fund	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash flows from customers	$ 497,054	$ 141,965	$ 639,019	$ 657,916
Cash flows from internal activities	266,580	28,575	295,155	316,592
Cash paid to suppliers	(50,985)	(177,148)	(228,133)	(348,448)
Cash paid to/for benefit of employees	(669,878)	(73,106)	(742,984)	(686,778)
Net Cash Provided (Used) by Operating Activities	42,771	(79,714)	(36,943)	(60,718)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital asset acquisitions	-	-	-	(27,698)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	84	-	84	102
CHANGE IN CASH	42,855	(79,714)	(36,859)	(88,314)
CASH AND EQUIVALENTS, Beginning	176,174	200,425	376,599	464,913
CASH AND EQUIVALENTS, Ending	$ 219,029	$ 120,711	$ 339,740	$ 376,599
CASH PER BALANCE SHEET				
Cash in Checking	$ 219,029	$ 120,711	$ 339,740	$ 376,599
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 35,595	$ (80,885)	$ (45,290)	$ (38,025)
Adjustments required to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	5,039	85,808	90,847	100,169
(Increase) Decrease in:				
Accounts Receivable	1,949	(96,566)	(94,617)	(49,259)
Inventory	-	4,115	4,115	3,567
Prepaid Expenses	42	49	91	(171)
Increase (Decrease) in:				
Accounts Payable	(3,375)	6,744	3,369	(79,332)
Accrued Payroll	1,749	225	1,974	2,324
Accrued Compensated Absences	1,772	796	2,568	9
Net Reconciliation Adjustments	7,176	1,171	8,347	(22,693)
Net Cash Provided (Used) by Operating Activities	$ 42,771	$ (79,714)	$ (36,943)	$ (60,718)

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actua
Airport Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Intergovernmental Revenue	$ 18,000	$ 7,000	$ 9,637	$ 2,637	$ 23,757
Charges for Services	177,760	180,910	199,816	18,906	160,935
Miscellaneous Revenue	-	-	-	-	2,425
Total Operating Revenues	195,760	187,910	209,453	21,543	187,117
OPERATING EXPENSES					
Airport Operations	200,850	191,821	187,592	4,229	192,315
Capital Outlay	26,667	8,500	9,932	(1,432)	544,225
Depreciation	300,000	300,000	293,118	6,882	271,023
Total Operating Expenses	527,517	500,321	490,642	9,679	1,007,563
Operating Income (Loss)	(331,757)	(312,411)	(281,189)	31,222	(820,446)
Other Revenues (Expenses)					
Grant Revenue	42,333	-	-	-	502,431
Investment Earnings	100	50	112	62	33
Change in Net Position - Budget Basis	$ (289,324)	$ (312,361)	(281,077)	$ 31,284	(317,982)
GAAP Basis Adjustments					
Capital Outlay			-		185,855
Change in Net Position - GAAP Basis			(281,077)		(132,127)
Net Position, Beginning			8,242,911		8,375,038
Net Position, Ending			$ 7,961,834		$ 8,242,911

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Police Dispatch Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 342,803	$ 342,803	$ 460,105	$ 117,302	$ 331,724
Interfund Charges	266,580	266,580	266,580	-	283,300
Miscellaneous Revenue	122,206	122,206	35,000	(87,206)	122,206
Total Operating Revenues	731,589	731,589	761,685	30,096	737,230
OPERATING EXPENSES					
Police Support Services	716,138	721,894	721,051	843	680,308
Capital Outlay	26,500	26,500	-	26,500	-
Depreciation	15,000	15,000	5,039	9,961	12,123
Total Operating Expenses	757,638	763,394	726,090	37,304	692,431
Operating Income (Loss)	(26,049)	(31,805)	35,595	67,400	44,799
Other Revenues (Expenses)					
Investment Earnings	50	50	84	34	102
Change in Net Position - GAAP Basis	$ (25,999)	$ (31,755)	35,679	$ 67,434	44,901
Net Position, Beginning			143,786		98,885
Net Position, Ending			$ 179,465		$ 143,786

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Recreation Center Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 530,000	$ 488,100	$ 531,177	$ 43,077	$ 558,144
Miscellaneous Revenue	-	-	-	-	863
Total Operating Revenues	530,000	488,100	531,177	43,077	559,007
OPERATING EXPENSES					
Recreation Center	1,059,621	1,078,477	967,828	110,649	1,000,301
Capital Outlay	60,000	60,338	13,872	46,466	32,544
Depreciation	252,000	252,000	248,010	3,990	252,626
Total Operating Expenses	1,371,621	1,390,815	1,229,710	161,105	1,285,471
Operating Income (Loss)	(841,621)	(902,715)	(698,533)	204,182	(726,464)
Other Revenues (Expenses)					
Property and Sales Taxes	1,331,447	1,407,693	1,379,751	(27,942)	1,321,777
Investment Earnings	10,000	10,000	24,852	14,852	19,685
Debt Retirement	(615,588)	(615,588)	(626,627)	(11,039)	(621,243)
Net Income (Loss) before Transfers	(115,762)	(100,610)	79,443	180,053	(6,245)
Transfers					
Transfers Out	-	(1,000,000)	-	1,000,000	-
Change in Net Position - Budget Basis	$ (115,762)	$ (1,100,610)	79,443	$ 1,180,053	(6,245)
GAAP Basis Adjustments					
Capital Outlay			11,744		27,756
Debt Service Principal			507,711		492,480
Total GAAP Basis Adjustments			519,455		520,236
Change in Net Position - GAAP Basis			598,898		513,991
Net Position, Beginning			6,425,699		5,911,708
Net Position, Ending			$ 7,024,597		$ 6,425,699

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Water Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 3,234,000	$ 2,467,089	$ 2,258,839	$ (208,250)	$ 2,322,139
Miscellaneous Revenue	-	800,000	-	(800,000)	10,770
Total Operating Revenues	3,234,000	3,267,089	2,258,839	(1,008,250)	2,332,909
OPERATING EXPENSES					
Administration	328,132	338,581	418,378	(79,797)	320,755
Filtration and Treatment	670,053	698,753	509,452	189,301	397,421
Transmission and Distribution	380,571	301,534	305,157	(3,623)	317,684
Meter Maintenance	1,351,045	137,982	406,732	(268,750)	159,103
Water Capital Projects	-	1,422,600	332	1,422,268	-
Capital Outlay	660,000	675,000	1,361,134	(686,134)	50,586
Depreciation	379,332	381,332	442,697	(61,365)	434,478
Total Operating Expenses	3,769,133	3,955,782	3,443,882	511,900	1,680,027
Operating Income (Loss)	(535,133)	(688,693)	(1,185,043)	(496,350)	652,882
Other Revenues (Expenses)					
Grant Revenue	-	300,000	231,033	(68,967)	-
Investment Earnings	2,500	3,200	6,577	3,377	1,861
Debt Retirement	(369,650)	(369,650)	(369,141)	509	(369,162)
Transfers Out	-	-	-	-	(76,350)
Change in Net Position - Budget Basis	$ (902,283)	$ (755,143)	(1,316,574)	$ (561,431)	209,231
GAAP Basis Adjustments					
Capital Outlay			1,340,165		27,223
Debt Service Principal			138,814		132,246
Total GAAP Basis Adjustments			1,478,979		159,469
Change in Net Position - GAAP Basis			162,405		368,700
Net Position, Beginning			10,502,509		10,133,809
Net Position, Ending			$ 10,664,914		$ 10,502,509

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Hydro Plant Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 77,000	$ 56,000	$ 60,275	$ 4,275	$ 55,083
OPERATING EXPENSES					
Administration	7,750	7,250	4,952	2,298	3,992
Depreciation	65,802	65,802	65,802	-	65,802
Total Operating Expenses	73,552	73,052	70,754	2,298	69,794
Operating Income (Loss)	3,448	(17,052)	(10,479)	6,573	(14,711)
Other Revenues (Expenses)					
Debt Retirement	(69,405)	(69,405)	(68,433)	972	(68,455)
Net Income (Loss) before Transfers	(65,957)	(86,457)	(78,912)	7,545	(83,166)
Transfers					
Transfers In	-	-	-	-	76,350
Change in Net Position - Budget Basis	$ (65,957)	$ (86,457)	(78,912)	$ 7,545	(6,816)
GAAP Basis Adjustments					
Debt Service Principal			50,556		49,567
Change in Net Position - GAAP Basis			(28,356)		42,751
Net Position, Beginning			127,210		84,459
Net Position, Ending			$ 98,854		$ 127,210

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
City Community Network Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 1,337,098	$ 265,293	$ 238,531	$ (26,762)	$ 253,245
Interfund Charges	-	-	28,575	28,575	33,292
Total Operating Revenues	1,337,098	265,293	267,106	1,813	286,537
OPERATING EXPENSES					
Administration	80,500	83,500	25,971	57,529	66,266
Fiber Outside Plant	241,463	117,063	109,721	7,342	154,007
Fiber Administration	25,000	25,000	-	25,000	12,736
Fiber Inside Plant	64,110	89,750	51,111	38,639	40,111
Capital Outlay	2,020,000	97,000	75,380	21,620	35,893
Depreciation	-	90,000	85,808	4,192	88,046
Total Operating Expenses	2,431,073	502,313	347,991	154,322	397,059
Net Income (Loss) before Transfers	(1,093,975)	(237,020)	(80,885)	156,135	(110,522)
Transfers					
Transfers In	750,000	-	-	-	-
Change in Net Position - Budget Basis	$ (343,975)	$ (237,020)	(80,885)	$ 156,135	(110,522)
GAAP Basis Adjustments					
Capital Outlay			-		27,698
Change in Net Position - GAAP Basis			(80,885)		(82,824)
Net Position, Beginning			552,215		635,039
Net Position, Ending			$ 471,330		$ 552,215

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Solid Waste Collection Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 1,163,758	$ 1,236,663	$ 1,180,429	$ (56,234)	$ 1,185,262
Miscellaneous Revenue	20,479	14,500	14,499	(1)	31,935
Total Operating Revenues	1,184,237	1,251,163	1,194,928	(56,235)	1,217,197
OPERATING EXPENSES					
Administration	156,138	166,400	133,246	33,154	129,393
Collection	1,011,625	1,009,623	730,973	278,650	760,768
Recycling	132,199	136,209	146,625	(10,416)	116,601
Capital Outlay	-	-	167,874	(167,874)	128,260
Depreciation	40,000	40,000	27,410	12,590	8,016
Total Operating Expenses	1,339,962	1,352,232	1,206,128	146,104	1,143,038
Operating Income (Loss)	(155,725)	(101,069)	(11,200)	89,869	74,159
Other Revenues (Expenses)					
Investment Earnings	1,500	1,800	1,812	12	1,800
Change in Net Position - Budget Basis	$ (154,225)	$ (99,269)	(9,388)	$ 89,881	75,959
GAAP Basis Adjustments					
Capital Outlay			167,874		128,260
Change in Net Position - GAAP Basis			158,486		204,219
Net Position, Beginning			841,027		636,808
Net Position, Ending			$ 999,513		$ 841,027

See accompanying Independent Auditors' Report

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INTERNAL SERVICE FUNDS

City of Cortez, Colorado
Statement of Net Position
Internal Service Funds
December 31, 2015
(With Comparative Totals for December 31, 2014)

	Shop Fund	Technology Fund	Self-Insured Health Fund	Total 2015	Total 2014
ASSETS					
Current Assets					
Cash in Checking	$ 156,738	$ 122,397	$ 59,710	$ 338,845	$ 382,637
Petty Cash	152	-	-	152	152
Investments	-	200,922	-	200,922	200,368
Accounts Receivable	-	-	21,557	21,557	50,865
Inventory	29,670	-	-	29,670	19,180
Prepaid Expenses	471	377	-	848	1,049
Total Current Assets	187,031	323,696	81,267	591,994	654,251
Capital Assets					
Other Assets	-	35,437	-	35,437	18,671
Total Assets	187,031	359,133	81,267	627,431	672,922
LIABILITIES					
Current Liabilities					
Accounts Payable	16,966	6,739	352,128	375,833	189,062
Accrued Payroll	7,779	4,482	-	12,261	10,663
Interfund Payables	-	-	376,050	376,050	376,050
Total Current Liabilities	24,745	11,221	728,178	764,144	575,775
Noncurrent Liabilities					
Accrued Compensated Absences	22,043	13,125	-	35,168	30,572
Total Liabilities	46,788	24,346	728,178	799,312	606,347
NET POSITION					
Net Investment in Capital Assets	-	35,437	-	35,437	18,671
Unrestricted	140,243	299,350	(646,910)	(207,317)	47,904
Total Net Position	$ 140,243	$ 334,787	$ (646,910)	$ (171,880)	$ 66,575

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

				Total	
	Shop Fund	Technology Fund	Self-Insured Health Fund	2015	2014
OPERATING REVENUES					
Intergovernmental Revenue	$ -	$ 3,720	$ -	$ 3,720	$ 5,580
Charges for Services	1,180	88	266,817	268,085	157,631
Interfund Charges	564	-	1,749,942	1,750,506	2,786,222
Miscellaneous Revenue	860,974	421,722	-	1,282,696	57,025
Total Operating Revenues	862,718	425,530	2,016,759	3,305,007	3,006,458
OPERATING EXPENSES					
Health Claims	-	-	2,224,962	2,224,962	1,721,958
Shop	604,517	-	-	604,517	785,936
Building Overhead	140,174	6,727	-	146,901	111,082
Technology	-	408,142	-	408,142	345,827
Fiber Network	-	3,828	-	3,828	96
Telecommunications	-	42,904	-	42,904	10,048
Capital Outlay	-	102,646	-	102,646	42,509
Depreciation	-	11,925	-	11,925	7,825
Total Operating Expenses	744,691	576,172	2,224,962	3,545,825	3,025,281
Operating Income (Loss)	118,027	(150,642)	(208,203)	(240,818)	(18,823)
Other Revenues (Expenses)					
Investment Earnings	28	2,285	50	2,363	2,402
Change in Net Position	118,055	(148,357)	(208,153)	(238,455)	(16,421)
Net Position, Beginning	22,188	483,144	(438,757)	66,575	82,996
Net Position, Ending	$ 140,243	$ 334,787	$ (646,910)	$ (171,880)	$ 66,575

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Shop Fund	Technology Fund	Self-Insured Health Fund	Total 2015	Total 2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash flows from customers	$ 862,154	$ 431,330	$ 290,325	$ 1,583,809	$ 189,240
Cash flows from internal activities	564	-	1,749,942	1,750,506	2,786,222
Cash paid to suppliers	(428,904)	(381,939)	2,296,807	1,485,964	898,471
Cash paid to/for benefit of employees	(319,106)	(174,560)	(4,343,523)	(4,837,189)	(3,937,836)
Net Cash Provided (Used) by Operating Activities	114,708	(125,169)	(6,449)	(16,910)	(63,903)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Capital asset acquisitions	-	(28,690)	-	(28,690)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers (to) from Other Funds	-	-	-	-	(10,340)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	28	2,285	50	2,363	2,402
Net cash invested	-	(554)	-	(554)	355
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	28	1,731	50	1,809	2,757
CHANGE IN CASH	114,736	(152,128)	(6,399)	(43,791)	(71,486)
CASH AND EQUIVALENTS, Beginning	42,154	274,525	66,110	382,789	454,275
CASH AND EQUIVALENTS, Ending	$ 156,890	$ 122,397	$ 59,711	$ 338,998	$ 382,789
CASH PER BALANCE SHEET					
Cash in Checking	$ 156,738	$ 122,397	$ 59,711	$ 338,846	$ 382,637
Petty Cash	152	-	-	152	152
Total Cash and Equivalents, Ending	$ 156,890	$ 122,397	$ 59,711	$ 338,998	$ 382,789
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ 118,027	$ (150,642)	$ (208,203)	$ (240,818)	$ (18,823)
Adjustments required to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	11,925	-	11,925	7,825
(Increase) Decrease in:					
Accounts Receivable	-	5,800	23,508	29,308	(30,996)
Inventory	(10,490)	-	-	(10,490)	283
Prepaid Expenses	168	33	-	201	1,046
Increase (Decrease) in:					
Accounts Payable	2,977	5,547	178,246	186,770	(26,838)
Accrued Payroll	1,003	595	-	1,598	1,564
Accrued Compensated Absences	3,023	1,573	-	4,596	2,036
Net Reconciliation Adjustments	(3,319)	25,473	201,754	223,908	(45,080)
Net Cash Provided (Used) by Operating Activities	$ 114,708	$ (125,169)	$ (6,449)	$ (16,910)	$ (63,903)

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Shop Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ -	$ -	$ 1,180	$ 1,180	$ 164
Interfund Charges	-	-	564	564	758,999
Miscellaneous Revenue	836,161	965,996	860,974	(105,022)	48,757
Total Operating Revenues	836,161	965,996	862,718	(103,278)	807,920
OPERATING EXPENSES					
Shop	782,865	785,664	604,517	181,147	785,936
Building Overhead	142,075	178,198	140,174	38,024	107,869
Total Operating Expenses	924,940	963,862	744,691	219,171	893,805
Operating Income (Loss)	(88,779)	2,134	118,027	115,893	(85,885)
Other Revenues (Expenses)					
Investment Earnings	-	-	28	28	102
Change in Net Position	(88,779)	2,134	118,055	115,921	(85,783)
Net Position, Beginning	50,435	50,435	22,188	(28,247)	107,971
Net Position, Ending	$ (38,344)	$ 52,569	$ 140,243	$ 87,674	$ 22,188

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Technology Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Intergovernmental Revenue	$ 5,580	$ 5,580	$ 3,720	$ (1,860)	$ 5,580
Charges for Services	1,404	1,404	88	(1,316)	220
Interfund Charges	-	-	-	-	421,723
Miscellaneous Revenue	421,992	421,992	421,722	(270)	8,268
Total Operating Revenues	428,976	428,976	425,530	(3,446)	435,791
OPERATING EXPENSES					
Building Overhead	3,535	3,535	6,727	(3,192)	3,213
Technology	409,230	483,260	408,142	75,118	345,827
Fiber Network	-	-	3,828	(3,828)	96
Telecommunications	61,500	61,500	42,904	18,596	10,048
Capital Outlay	95,100	136,644	131,336	5,308	52,849
Depreciation	6,969	7,825	11,925	(4,100)	7,825
Total Operating Expenses	576,334	692,764	604,862	87,902	419,858
Operating Income (Loss)	(147,358)	(263,788)	(179,332)	84,456	15,933
Other Revenues (Expenses)					
Investment Earnings	938	2,268	2,285	17	2,268
Change in Net Position - Budget Basis	$ (146,420)	$ (261,520)	(177,047)	$ 84,473	18,201
GAAP Basis Adjustments					
Capital Outlay			28,690		10,340
Change in Net Position - GAAP Basis			(148,357)		28,541
Net Position, Beginning			483,144		454,603
Net Position, Ending			$ 334,787		$ 483,144

See accompanying Independent Auditors' Report

City of Cortez, Colorado
Schedule of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual
Self-Insured Health Fund
Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015				
	Original Budget	Final Budget	Actual	Var with Fin Bud Pos/(Neg)	2014 Actual
OPERATING REVENUES					
Charges for Services	$ 167,760	$ 256,501	$ 266,817	$ 10,316	$ 157,247
Interfund Charges	1,850,152	1,800,000	1,749,942	(50,058)	1,605,500
Total Operating Revenues	2,017,912	2,056,501	2,016,759	(39,742)	1,762,747
OPERATING EXPENSES					
Health Claims	2,096,500	2,072,200	2,224,962	(152,762)	1,721,958
Operating Income (Loss)	(78,588)	(15,699)	(208,203)	(192,504)	40,789
Other Revenues (Expenses)					
Investment Earnings	10	33	50	17	32
Change in Net Position	(78,578)	(15,666)	(208,153)	(192,487)	40,821
Net Position, Beginning	136,610	136,610	(438,757)	(575,367)	(479,578)
Net Position, Ending	$ 58,032	$ 120,944	$ (646,910)	$ (767,854)	$ (438,757)

See accompanying Independent Auditors' Report

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STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Cortez
	YEAR ENDING : December 2015
This Information From The Records Of (example - City of _ or Co	Prepared By: Kathi Moss Phone: 970-564-4011

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	647421
3. Other local imposts (from page 2)	1296694
4. Miscellaneous local receipts (from page	175462
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2119577
B. Private Contributions	
C. Receipts from State government (from page 2)	264613
D. Receipts from Federal Government (from page 2)	798228
E. Total receipts (A.7 + B + C + D)	3182418

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1624184
2. Maintenance:	401310
3. Road and street services:	
a. Traffic control operations	147074
b. Snow and ice removal	16956
c. Other	135925
d. Total (a. through c.)	299955
4. General administration & miscellan	0
5. Highway law enforcement and safe	1334874
6. Total (1 through 5)	3660323
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C +	3660323

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 Disbursemen	D. Ending Balance	E. Reconciliation
3230615	3182418	3660323	2752710	0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

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See accompanying Independent Auditor's Report

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	8203
b. Other local imposts:		b. Traffic Fines & Penalities	50875
1. Sales Taxes	1255796	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	40898	g. Other Misc. Receipts	3072
6. Total (1. through 5.)	1296694	h. Other	113312
c. Total (a. + b.)	1296694	i. Total (a. through h.)	175462
	(Carry forward to page 1)		(Carry forward to page

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	264613	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		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	798228
f. Total (a. through e.)	0	g. Total (a. through f.)	798228
4. Total (1. + 2. + 3.f)	264613	3. Total (1. + 2.g)	
			(Carry forward to page

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		69144	69144
c. Construction:			
(1). New Facilities		1406357	1406357
(2). Capacity Improvements			0
(3). System Preservation		148683	148683
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1555040	1555040
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1624184	1624184
			(Carry forward to page

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

See accompanying Independent Auditor's Report

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STATISTICAL SECTION

CITY OF CORTEZ, CO
SALES TAX REVENUE REFUNDING BONDS, SERIES 2011 (CO)
CUSIP: 220538

HISTORICAL MAXIMUM COVERAGE

	2011	2012	2013	2014	2015
Recreation Sales Tax Collections	$ 1,175,018	$ 1,257,278	$ 1,284,009	$ 1,321,826	$ 1,383,009
Maximum Annual Debt Service	693,355	693,355	693,355	615,188	612,237
Maximum Annual Coverage Factor	1.70x	1.81x	1.85x	2.15x	2.26x
Combined Sales Tax Collections	8,653,171	9,258,303	9,455,147	9,733,620	10,184,164
Maximum Annual Coverage Factor	12.48x	13.35x	13.64x	15.82x	16.63x

HISTORICAL SALES TAX COLLECTIONS

Year	Gross Sales	Base Sales Tax	Recreational Sales Tax	Total Sales Tax
2006	$ 217,045,751	$ 7,345,934	$ 1,154,337	$ 8,500,271
2007	233,203,226	7,892,786	1,240,269	9,133,055
2008	237,479,461	8,037,515	1,263,012	9,300,527
2009	228,467,308	7,732,498	1,215,081	8,947,579
2010	216,806,906	7,337,850	1,153,067	8,490,917
2011	220,949,864	7,478,153	1,175,017	8,653,170
2012	236,401,318	8,001,025	1,257,278	9,258,303
2013	241,427,528	8,171,138	1,284,009	9,455,147
2014	248,538,052	8,411,794	1,321,826	9,733,620
2015	251,460,840	8,801,155	1,383,009	10,184,164

CITY OF CORTEZ, CO
SALES TAX REVENUE REFUNDING BONDS, SERIES 2011 (CO)
CUSIP: 220538

MONTHLY COLLECTION COMPARISONS

	12 Month Period Ended 12/31/13		12 Month Period Ended 12/31/14		12 Month Period Ended 12/31/15	
	Current Month	Year to Date	Current Month	Year to Date	Current Month	Year to Date
January	$ 653,997	$ 653,997	$ 622,574	$ 622,574	$ 632,556	$ 632,556
February	645,276	1,299,273	664,887	1,287,462	714,250	1,346,806
March	763,768	2,063,040	739,139	2,026,601	905,883	2,252,689
April	720,262	2,783,302	680,044	2,706,644	794,354	3,047,043
May	811,422	3,594,724	864,500	3,571,145	887,602	3,934,645
June	838,440	4,433,164	858,431	4,429,575	921,991	4,856,636
July	869,699	5,302,863	92,945	5,350,520	931,476	5,788,112
August	850,301	6,153,164	1,001,583	6,352,103	984,323	6,772,435
September	846,555	6,999,719	837,675	7,189,778	889,788	7,662,223
October	785,823	7,785,542	779,664	7,969,442	826,921	8,489,144
November	772,191	8,557,733	966,620	8,936,062	725,916	9,215,060
December	897,414	9,455,147	797,559	9,733,620	969,098	10,184,158

CITY OF CORTEZ, CO
SALES TAX REVENUE REFUNDING BONDS, SERIES 2011 (CO)
CUSIP: 220538

HISTORICAL GENERAL FUND OPERATIONS

	2011	2012	2013	2014	2015
REVENUES:					
Taxes-Assessments	6,878,903	7,383,659	7,442,377	7,692,052	8,030,460
Licenses and Permits	83,755	197,714	82,312	339,138	129,901
Intergovernmental	3,141,052	1,435,485	1,410,143	1,620,172	1,554,174
Charges for Services	533,547	529,043	526,636	563,625	690,829
Fine and Forefeits	85,317	90,220	80,419	83,951	76,981
Interest Income	30,906	14,375	14,334	14,765	18,530
Miscellaneous	164,514	22,210	33,074	105,705	24,630
Donation	-	37,093	63,086	47,877	49,001
Grant Revenue	-	154,304	160,334	148,242	134,978
TOTAL REVENUES	10,917,994	9,864,103	9,812,715	10,615,527	10,709,484
EXPENDITURES:					
General Government	4,177,628	1,978,455	3,088,766	3,156,388	6,497,446
Public Safety	3,099,140	4,070,047	3,439,521	3,654,284	3,811,407
Public Works	1,063,726	1,102,022	928,184	960,435	994,693
Culture/Recreaton	2,202,447	1,795,989	1,827,213	1,793,906	1,893,506
Internal Charges	-	-	1,018,625	-	-
Capital Outlay	102,835	-	-	-	-
TOTAL EXPENDITURES	10,645,776	8,946,513	10,302,309	9,565,013	13,197,052
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	272,218	917,590	(489,594)	1,050,514	(2,487,568)
OTHER FINANCING SOURCES(USES					
Transfers In	123,228	127,543	90,472	39,600	44,831
Transfers Out	(1,027,757)	(208,600)	(163,600)	(163,600)	(163,600)
TOTAL	(904,529)	(81,057)	(73,128)	(124,000)	(118,769)
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(632,311)	836,533	(562,722)	926,514	(2,606,337)
FUND BALANCE, Beginning	5,293,029	4,660,718	5,572,287	5,009,565	5,936,079
Prior Period Restatement	-	75,036	-	-	-
FUND BALANCE, Ending	4,660,718	5,572,287	5,009,565	5,936,079	3,329,742

CITY OF CORTEZ, CO
WATER FUND HISTORICAL OPERATIONS

HISTORICAL WATER FUND OPERATIONS

	2011	2012	2013	2014	2015
OPERATING REVENUES:					
Charges for Services	$ 1,726,480	$ 2,159,301	$ 2,056,461	$ 2,322,139	$ 2,258,839
Other	151,885	(6,402)	9,998	10,770	-
Total Operating Revenues	1,878,365	2,152,899	2,066,459	2,332,909	2,258,839
OPERATING EXPENSES:					
Operations and services	1,137,501	980,543	1,172,140	1,629,441	2,082,748
Capital Outlay	60,076	179,389	488,647	50,586	1,361,134
Total Operating Expenses	1,197,577	1,159,932	1,660,787	1,680,027	3,443,882
Operating Income/(Loss)	680,788	992,967	405,672	652,882	(1,185,043)
OTHER REVENUES (EXPENSES)					
Grant Revenue	-	-	-	-	231,033
Interest Income	2,427	2,697	2,979	1,861	6,577
Debt Service – Interest	(256,167)	-	-	-	-
Debt Service – Principal	(107,210)	(369,206)	(369,185)	(369,162)	(369,141)
NET INCOME(LOSS) before transfers	319,838	626,458	39,466	285,581	(1,316,574)
TRANSFERS					
Transfers In	-	25,000	-	-	-
Transfers Out	-	(64,419)	-	-	-
Net Transfers	-	(39,419)	-	-	-
Change in Net Position – Budget Basis	-	587,039	39,466	285,581	(1,316,574)
GAAP BASIS ADJUSTMENTS					
Capital Outlay	-	18,908	32,111	27,223	1,340,165
Depreciation	(446,891)	(442,131)	(433,635)	-	-
Debt Service Principal	107,210	120,091	126,013	132,246	138,814
NET INCOME	(19,843)	283,907	(236,045)	445,050	162,405
NET ASSETS, Beginning	10,922,928	10,085,947	10,369,854	10,133,809	10,502,509
Prior Period Adjustment	(817,138)	-	-	-	-
Net Assets, Beginning (As Restated)	10,105,790	-	-	-	-
NET ASSETS, Ending	$ 10,085,947	$ 10,369,854	$ 10,133,809	$ 10,578,859	$ 10,664,914

CITY OF CORTEZ, CO
WATER FUND HISTORICAL DEBT RATIO

WATER FUND DEBT RATIO

	2011	2012	2013	2014	2015
Revenues:					
Water Charges	$ 1,703,868	$ 2,041,578	$ 1,920,994	$ 2,188,896	$ 2,153,447
Water Development Fees	118,280	25,410	16,595	97,515	70,537
Penalties, Connection and Other Charges	56,217	110,904	128,872	46,499	265,888
Investment Earnings	2,427	2,697	2,979	1,860	6,577
Total Revenues	1,880,792	2,180,589	2,069,440	2,334,770	2,496,449
Total Expenses	1,900,634	1,896,683	2,305,483	1,902,939	3,813,023
Less: Depreciation	(446,891)	(442,131)	(433,635)	(405,520)	(442,697)
Less: Capital Outlay	(51,443)	(160,303)	(468,149)	(23,395)	(1,340,165)
Less: Debt Service	(107,210)	(249,115)	(243,172)	(236,916)	(369,141)
Operating Expenses (int including depreciation)	1,295,090	1,045,134	1,160,527	1,237,108	1,661,020
Net Revenues	$ 585,702	$ 1,135,455	$ 908,913	$ 1,097,662	$ 835,429
Annual Debt Service Requirement:					
2010 Colo Water Res & Power Dev Loan	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247
1986 Colorado Water Conservation Board	72,506	72,506	72,506	72,506	72,506
2005 CO Dept of Local Affairs Water Loan	23,772	23,772	23,772	23,772	23,772
1986 Dolores Water Conservancy District	246,125	246,125	246,125	246,125	246,125
2015 Colorado Water Conservation Board	-	-	-	-	-
Total Annual Debt Service Requirement	369,650	369,650	369,650	369,650	369,650
Reserve Funding Requirements:					
2010 Colo Water Res & Power Dev Loan	41,127	41,127	41,127	41,127	41,127
Total Annual Debt Service Requirement	**$ 410,777**	**$ 410,777**	**$ 410,777**	**$ 410,777**	**$ 410,777**
Debt Coverage Ratio	1	3	2	3	2

CITY OF CORTEZ, CO
HISTORICAL HYDRO-PLANT FUND OPERATIONS

HISTORICAL HYDRO-PLANT FUND OPERATIONS

	2011	2012	2013	2014	2015
OPERATING REVENUES:					
Hydro-Production Credits	$51,364	$51,040	$49,472	$55,083	$60,275
Energy Credits	59,455	37,320	17,177	-	-
Total Operating Revenues	110,819	88,360	66,649	55,083	60,275
Operating Expenditures:					
Operations and services	2,509	3,199	4,128	3,992	4,951
Other Revenues(Expenses)					
Debt Service Interest	(21,550)	(20,850)	(68,473)	(68,455)	(68,435)
Net Income/(Loss) before transfers	86,760	64,311	(5,952)	(17,364)	(13,111)
Transfers					
Transfers In	-	-	-	76,350	-
Transfers Out	(89,000)	(25,000)	-	-	-
Net Transfers	(89,000)	(25,000)	-	76,350	-
GAAP BASIS ADJUSTMENTS					
Debt Service Principal	-	-	48,594	49,567	50,557
Depreciation	(52,125)	(75,828)	(65,802)	(65,802)	(65,802)
Net Income	(54,365)	(36,517)	(23,160)	42,751	(28,356)
Net Assets, Beginning	226,152	171,787	107,619	84,459	127,210
Prior Perid Restatement	-	(27,651)	-	-	-
Net Assets, Ending	$171,787	$107,619	$84,459	$127,210	$98,854

CITY OF CORTEZ, CO
HISTORICAL HYDRO-PLANT FUND OPERATIONS

HYDRO-PRODUCTION FUND DEBT RATIO

	2011	2012	2013	2014	2015
Revenues:					
Hydro-Production Credits	$51,364	$51,040	$49,472	$55,084	$60,275
Energy Credits	$59,455	$37,321	$17,174	$0	$0
Total Revenues	$110,819	$88,361	$66,646	$55,084	$60,275
Total Expenses	$165,183	$124,876	$89,809	$88,682	$88,631
Less Depreciation	($52,125)	($75,828)	($65,802)	($65,802)	($65,802)
Less Debt Service	($21,550)	($20,850)	($19,879)	($18,888)	($68,435)
Operating Expenses	$91,508	$28,198	$4,128	$3,992	($45,606)
Net Revenues	$19,311	$60,163	$62,518	$51,092	$105,881

Annual Debt Service Requirement					
2009 CWRPDA Hydro Loan	$69,405	$69,405	$69,405	$69,405	$68,435
Total Annual Debt Service	$69,405	$69,405	$69,405	$69,405	$68,435

Debt Ratio Coverage	27.82%	86.68%	90.08%	73.61%	154.72%