

Town of Rico Memorandum

Date: September 15th, 2022

TO: Town of Rico Board of Trustees

From: Chauncey McCarthy

Acceptance of the 2021 Audit

Included in this packet is the 2021 audit prepared by Atlas CPA and Advisors. The accompanying financial statement provided from the Town of Rico to Atlas CPA and Advisors presented fairly in all material respects. One material weakness in internal control over financial reporting due to inadequate segregation of duties was determined. This was the same findings in 2020's audit and is due to our small staff size. Staff and Atlas CPA and Advisors is working towards solutions to resolve this weakness. This audit must be accepted and filed with the State Audit office no later than October 1, 2022.

Staff recommended motion:

- I move to approve and accept the 2021 audit as prepared and presented by Atlas CPA and Advisors

Consideration of first reading of Ordinance No. 2022-10 an Ordinance of the Town of Rico, Colorado amending the year 2022 budget and approving supplemental appropriations of money.

Included in this packet is Ordinance No. 2022-10 an ordinance of the Town of Rico, Colorado amending the year 2022 budget and approving supplemental appropriations of money. As discussed, during last month's meeting the Board of Trustees will need approve a budget amendment to, increasing appropriations for the purchase of the John Deere Loader, and for the necessary engineering and design of the public works facility. Budgeted expenditures for the General Fund are much higher then budgeted revenue, due to how the budget was created and which projects and expenses were prioritized.

Staff recommended motion:

- I move to approve first reading of Ordinance No. 2022-10 an Ordinance of the Town of Rico, Colorado amending the year 2022 budget and approving supplemental appropriations of money.

Consideration of Resolution 2022-03 a resolution of the Town of Rico Board of Trustees supporting the submission of a grant application for funds from Colorado Parks and Wildlife non-motorized trail fund

In your packet is a Resolution in support of the CPW planning grant application. The Rico Trails Alliance is applying to the CPW for funds needed to plan (perform studies, design, and engineer) the construction of a pedestrian bridge across the Dolores River. The bridge would connect the Town's public trail easement on the Lazy Rooster Ranch property, so that it can join up with the USFS trail that extends south of there along the old RGS railroad grade all the way to the county line. The CPW funds are GOCO funds that may only be used for non-motorized trail projects.

No additional funding is requested from the Town for the planning work. The Town and Rico Trails Alliance previously each committed \$3,750 in matching funds. Another \$7,500 has been received by the Town from Basin Electric and SMPA for this planning grant. The first attempt to get this CPW grant was not successful because the USFS trail had not been finally approved. That approval was secured this year.

Consideration of a liquor license renewal application, Motherload Liquor LLC, applicant.

Included in this packet is an application for a liquor license renewal, Motherload Liquor LLC, applicant. The application is complete and compliant with no noted changes.

Recommended Motion:

- I move to approve the liquor license renewal application, Motherload Liquor LLC, applicant

Consideration of a liquor license renewal application, Rock Laubster LLC (dba Mountain Top Liquor), applicant.

Included in this packet is an application for a liquor license renewal, Rock Laubster LLC (dba Mountain Top Liquor), applicant. The application is complete and compliant with no noted changes.

Recommended Motion:

- I move to approve the liquor license renewal application, Mountain Top Liquor, applicant

Voluntary lead soils clean up (“VCUP”) agreement status

Mayor Pieterse to lead a discussion on the status of the Voluntary lead soils clean up (“VCUP”) agreement.

October 3rd 2022 special meeting

The Board of Trustees will need to host a special meeting on October 3rd 2022. This will allow for the second reading of ordinance 2022-10, review the proposed fiscal year 2023 budget, and appoint election judges.

RICO TOWN BOARD MEETING MINUTES

Date: Aug 18, 2022

Call to order

Mayor Nicole Pieterse called the meeting to order at 7:01PM.

Trustees Present: Mayor Nicole Pieterse
Mayor Pro Tem Patrick Fallon
Trustee Christopher Condon (arrived 7:103PM)
Trustee Joe Croke (arrived 7:103PM)
Trustee Joe Dillsworth
Trustee Benn Vernadakis
Trustee Linda Yellowman

Staff Present. Chauncey McCarthy, Anna Wolf, Karl Hanlon

Approval of the Agenda

Motion

To approve the agenda.

Moved by Trustee Linda Yellowman, seconded by Trustee Benn Vernadakis.

Vote. A roll call vote was taken and the motion was approved, 5-0.

Approval of Minutes

Motion

To approve the minutes for the Joint Meeting on July 20, 2022, Town Board meeting on July 20, 2022, and Special Meeting August 8, 2022.

Moved by Trustee Joe Dillsworth, seconded by Mayor Nicole Pieterse.

Vote. A roll call vote was taken and the motion was approved, 7-0.

Payment of Bills

Audit was mentioned by the Town Clerk.

Discussion took place regarding the Water Attorney.

Motion

To approve the payment of the bills.

Moved by Trustee Linda Yellowman, seconded by Trustee Benn Vernadakis.

Vote. A roll call vote was taken and the motion was approved, 7-0.

Public Comment

Linda Yellowman gave a campaign update regarding her running as County Commissioner.

Jack Jensen: wanted to bring the attention of the Board that the blacksmith shed on the Dolores School District property may be historically significant. The Board recommended the Historic society reach out to the Dolores School District directly.

Action Items

Consideration of consultant and client agreement between Town of Rico and Fischer Project Management and Consulting Services, Inc.

Town Manager Chauncey McCarthy gives summary of the organization and the outreach the town has had with them so far.

Anais and Christine Fischer gave a summary of the organizations goals and past projects. They take the project from concept to closure. All of the results from research, grant applications will be the property of the Town. The organizations seeks community input.

Board Discussion:

The Board discussed the expense associated with this contract. The town would pay \$10,000 upon signing and \$10,000 upon completion. There could be grant matches throughout the process.

The Board would like staff to engage the Dolores County R-1 School District to ensure the town has a lease on the park before moving forward.

Motion

To approve the consultant and client agreement.

Moved by Trustee Linda Yellowman, seconded by Trustee Joe Dillsworth.

Vote. A roll call vote was taken and the motion was approved, 7-0.

Consideration of second reading of Ordinance No. 2022-08 an ordinance of the town of Rico, Colorado adopting election regulations for the town's regular municipal election to be held on November 1, 2022.

Mayor Nicole Pieterse gave a summary of the ordinance and the first reading.

Motion

To approve the second reading of Ordinance No. 2022-08 an ordinance of the town of Rico, Colorado adopting election regulations for the town's regular municipal election to be held on November 1, 2022

Moved by Mayor Nicole Pieterse, seconded by Trustee Benn Vernadakis.

Vote. A roll call vote was taken and the motion was approved, 7-0.

Consideration of second reading of Ordinance No. 2022-09 an ordinance of the town of Rico, Colorado referring to the registered electors of the town of Rico at the town's regular municipal election to be held on November 1, 2022, a question asking whether section 11 of the town's home rule charter shall be amended to facilitate the town's participation in coordinated elections.

Mayor Nicole Pieterse gave a summary of the ordinance and the first reading.

Motion

To approve the second reading of Ordinance No. 2022-09 an ordinance of the town of Rico, Colorado referring to the registered electors of the town of Rico at the town's regular municipal election to be held on November 1, 2022, a question asking whether section 11 of the town's home rule charter shall be amended to facilitate the town's participation in coordinated elections

Moved by Trustee Linda Yellowman, seconded by Trustee Joe Dillsworth.

Vote. A roll call vote was taken and the motion was approved, 7-0

Staff Report:

Clerk's Report:

The Clerks expressed that she will be on vacation September 12 - 20, 2022.

The Town Clerk asked if the board would be interested in her starting to do wire transfers between the Town accounts rather than writing checks. The Board agreed to the wire transfer with the condition that the transfers be individual rather than combined together.

Manager's Report:

FEMA is working on flood plain mapping. They offered to also include ice dam mapping as well as debris flow mapping for the town of Rico. This project will take between 2-3 years.

Planning update is in the packet. The Planning Commission is working through the document article by article. The plan is to have a joint work session once they have completed an Article.

The Town manager will be on vacation August 25 – September 6th with no access to phone or email.

The C-SAFE account has been opened but no money has been transferred yet. The Town manager would like to discuss the Budget in the discussion section before we transferred the allotted funds.

Safe Built will be providing plan review for the town moving forward. This is at no additional cost to the town there is already a pass-through account in place through the fee structure. Their turn around is much faster than that of the town Staff. This company came highly recommended by other municipalities as well.

The Town Manager is looking at potentially switching the email server to Gmail. This will enable all emails to have malware. As there are more emails the Town is targeted more by Phishing attempts. There is a cost associated with this switch. A \$3600 transfer fee initially and a \$12/account yearly fee.

The Dolores County R-1 School District is hosting discussions and would like community engagement. The Town Manager is looking to see if any Board members would be available to represent Rico as he will not be available.

The Trailer has been sold.

The repairs of the Court House windows was greater than originally expected. The repairs are complete and the additional cost was \$3700. The repairs and painting will still come in lower than the budgeted amount for the court house repairs.

Discussion Items

Presentation by Shakalo Powers, Region 9 Economic Development District project manager

Shakalo Powers introduced himself and gave a bio on his work history as well as his current position with Region 9.

Per Shakalo Powers' request the Board discussed the Town's needs and current situation regarding housing, transportation, and broadband.

The Board answered questions regarding water and sewer system challenges.

Voluntary lead soils clean up ("VCUP") agreement status

Environmental Attorney Tom Bloomfield gave a summary of the progress to the VCUP application and Work plan. Mr. Bloomfield is working with the State and EPA region 8 regarding the LAL level.

Van Winkle Headframe repair

The Board discussed the deteriorating state of the Van Winkle Headframe with the Historic Society. They urged the Historic Society to get in touch with AR to discuss potential funding for repairs.

Town Shop planning, design, engineer, firm update

The Town Manager received 3 RFQs ranging from \$40,000-\$150,000 for turnkey solutions. Goff Engineering's timeframe is between 3-4 months which would put the project on rack for the February grant cycle.

The Town Manager recommended that the Board consider appropriating funds for this from the General Fund quoting strong sales taxes over the past year.

John Deer loader

The lease for the loader expires in December. There are three options moving forward: renewing the lease, purchasing the loader over 4-5 years, or purchasing the loader outright for \$119,000.

The Town Manager recommends the Board buy the loader outright as the amount saved would benefit the Street Fund. The Town manager recommends to the Board to take the entire purchase price from the general fund due to its stability and to not overspend in the street fund.

The Board agreed to buy the loader outright using the General Fund.

Budget Amendment

The Town Manager expressed that at next month's regularly scheduled meeting the Board will be discussing a budget amendment to ensure compliance with state regulations.

Motion

To adjourn Board of trustee and enter Executive Session: Town owned fire station parcel §24-6-402(4)(e), C.R.S. Determination of positions relative to matters that may be subject to negotiations, development of strategy for negotiations and instruction of negotiators.

Moved by Trustee Joe Dillsworth., seconded by Mayor Nicole Pieterse.

Vote. A roll call vote was taken and the motion was approved, 7-0.

he meeting came out of executive session then adjourned.

Anna Wolf
Rico Town Clerk

Nicole Pieterse
Mayor

NEW Town of Rico - General Fund
Check Register
For the Period From Sep 1, 2022 to Sep 30, 2022

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
17489	9/6/22	Rico Telephone Company	10000	243.98
17490	9/6/22	WM Corporate Services, I	10000	49.76
17491	9/6/22	Kaplan Kirsch Rockwell	10000	16,222.50
17492	9/6/22	Century Link	10000	51.11
17493	9/6/22	San Miguel Power Associ	10000	94.00
17494	9/6/22	Jennifer Stark	10000	519.00
17495	9/6/22	CEBT	10000	3,469.40
17496	9/6/22	Jon Kelly	10000	375.00
17497	9/6/22	Fraley Propane, LLC	10000	603.00
17498	9/6/22	Utility Notification Center	10000	18.20
17499	9/6/22	Colorado Labor & Law Po	10000	99.50
17500	9/7/22	Patrick W. Drew	10000	92.35
Total				<u>21,837.80</u>

NEW Town of Rico - Water Fund
Check Register
For the Period From Sep 1, 2022 to Sep 30, 2022

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
4435	9/6/22	UPS	10000	1.26
4436	9/6/22	UPS	10000	22.22
4437	9/6/22	Core & Main LP	10000	30.17
4438	9/6/22	Slavens, Inc	10000	110.64
4439	9/6/22	Plumbing Store	10000	19.64
4440	9/6/22	Blue Tarp Financials, Inc	10000	39.99
4441	9/6/22	Sparks Plumbing & Heatin	10000	295.45
4442	9/6/22	Ferguson Waterwork #111	10000	5,029.85
4443	9/6/22	Rico Telephone Company	10000	115.00
4444	9/6/22	San Miguel Power Associ	10000	367.00
4445	9/6/22	San Juan Basin Health De	10000	35.00
4446	9/6/22	Fraley Propane LLC	10000	402.00
4447	9/6/22	AT&T Mobility	10000	0.23
4448	9/7/22	Core & Main LP	10000	2,597.09
Total				9,065.54

2018 NEW Town of Rico - Street Fund
Check Register
For the Period From Sep 1, 2022 to Sep 30, 2022

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
2801	9/6/22	WM Corporate Services, I	10000	140.31
2802	9/6/22	Slavens, Inc	10000	53.95
2803	9/6/22	Fabian Excavating	10000	909.30
2804	9/6/22	Rico Telephone Company	10000	42.82
2805	9/6/22	San Miguel Power Associ	10000	129.00
Total				<u>1,275.38</u>

NEW Town of Rico - Open Park Fund
Check Register
For the Period From Sep 1, 2022 to Sep 30, 2022

Filter Criteria includes: Report order is by Date.

Check #	Date	Payee	Cash Account	Amount
1717	9/6/22	Slavens, Inc	11000	49.98
1718	9/6/22	Fischer Project Manageme	11000	10,000.00
1719	9/6/22	LePew Porta-Johns, Inc	11000	180.00
1720	9/6/22	San Miguel Power Associ	11000	23.00
1721	9/6/22	WM Corporate Services, I	11000	49.76
Total				10,302.74

TOWN OF RICO, COLORADO

FINANCIAL STATEMENTS

December 31, 2021

TOWN OF RICO
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INDEPENDENT AUDITOR'S REPORT

July 27, 2022

Honorable Mayor and Board of Trustees
Town of Rico, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rico, Colorado (the "Town") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the general and major special revenue fund budgetary comparison information and pension schedules, as listed in the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 operation, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as shown in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules for the enterprise funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona

July 27, 2022

Basic Financial Statements

TOWN OF RICO, COLORADO
STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 1,174,762	\$ 239,294	\$ 1,414,056
Investments	8,256	64,814	73,070
Taxes receivable	96,600	25,701	122,301
Accounts receivable	-	136,569	136,569
TOTAL CURRENT ASSETS	<u>1,279,618</u>	<u>466,378</u>	<u>1,745,996</u>
PROPERTY AND EQUIPMENT			
Capital assets	2,031,372	3,574,920	5,606,292
Less Accumulated depreciation	<u>(743,332)</u>	<u>(745,253)</u>	<u>(1,488,585)</u>
NET PROPERTY AND EQUIPMENT	<u>1,288,040</u>	<u>2,829,667</u>	<u>4,117,707</u>
NONCURRENT ASSET			
Net pension asset	<u>13,291</u>	<u>-</u>	<u>13,291</u>
TOTAL ASSETS	<u>2,580,949</u>	<u>3,296,045</u>	<u>5,876,994</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>20,642</u>	<u>-</u>	<u>20,642</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,601,591</u></u>	<u><u>\$ 3,296,045</u></u>	<u><u>\$ 5,897,636</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and other liabilities	\$ 14,154	\$ -	\$ 14,154
Accrued payroll	2,549	-	2,549
Capital leases - current portion	<u>98,865</u>	<u>-</u>	<u>98,865</u>
TOTAL CURRENT LIABILITIES	<u>115,568</u>	<u>-</u>	<u>115,568</u>
TOTAL LIABILITIES	<u>115,568</u>	<u>-</u>	<u>115,568</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax	113,672	25,701	139,373
Deferred inflows related to pensions	<u>115,192</u>	<u>-</u>	<u>115,192</u>
Total Deferred Inflows of Resources	<u>228,864</u>	<u>25,701</u>	<u>254,565</u>
NET POSITION			
Net Investment in Capital Assets	1,189,175	2,829,667	4,018,842
Restricted			
TABOR	17,422	-	17,422
Culture and recreation	40,874	-	40,874
Unrestricted	<u>1,009,688</u>	<u>440,677</u>	<u>1,450,365</u>
TOTAL NET POSITION	<u>\$ 2,257,159</u>	<u>\$ 3,270,344</u>	<u>\$ 5,527,503</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 2,601,591</u></u>	<u><u>\$ 3,296,045</u></u>	<u><u>\$ 5,897,636</u></u>

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

TOWN OF RICO, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 455,770	\$ 213,194	\$ -	\$ 26,653	\$ (215,923)	\$ -	\$ (215,923)
Public Safety	20,552	11,791	-	-	(8,761)	-	(8,761)
Public Works	91,291	20,000	-	-	(71,291)	-	(71,291)
Culture and Recreation	70,220	-	3,517	-	(66,703)	-	(66,703)
TOTAL GOVERNMENTAL ACTIVITIES	637,833	244,985	3,517	26,653	(362,678)	-	(362,678)
Business - Type Activities							
Current:							
Water Operations	223,804	175,947	-	132,311	-	84,454	84,454
Sewer	8,109	-	-	-	-	(8,109)	(8,109)
TOTAL BUSINESS-TYPE ACTIVITIES	231,913	175,947	-	132,311	-	76,345	76,345
TOTAL PRIMARY GOVERNMENT	\$ 869,746	\$ 420,932	\$ 3,517	\$ 158,964	(362,678)	76,345	(286,333)
GENERAL REVENUES							
Taxes:							
Property Taxes					88,784	23,621	112,405
Specific Ownership Taxes					5,125	1,363	6,488
Sales and Use Tax					228,546	-	228,546
Other Taxes					56,344	-	56,344
Miscellaneous					59,226	-	59,226
Interest Income					820	181	1,001
TOTAL GENERAL REVENUES					438,845	25,165	464,010
CHANGE IN NET POSITION					76,167	101,510	177,677
NET POSITION - Beginning of Year					2,180,992	3,168,834	5,349,826
NET POSITION - End of Year					\$ 2,257,159	\$ 3,270,344	\$ 5,527,503

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

TOWN OF RICO, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2021

	GENERAL	STREET	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS				
Cash and equivalents	\$ 959,511	\$ 72,611	\$ 142,640	\$ 1,174,762
Investments	8,256	-	-	8,256
Property taxes receivable	84,953	11,647	-	96,600
TOTAL ASSETS	<u>\$ 1,052,720</u>	<u>\$ 84,258</u>	<u>\$ 142,640</u>	<u>\$ 1,279,618</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 10,758	\$ 3,396	\$ -	\$ 14,154
Payroll related liabilities	2,549	-	-	2,549
TOTAL LIABILITIES	<u>\$ 13,307</u>	<u>\$ 3,396</u>	<u>\$ -</u>	<u>\$ 16,703</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 102,025</u>	<u>\$ 11,647</u>	<u>\$ -</u>	<u>\$ 113,672</u>
FUND BALANCE				
Restricted				
TABOR	\$ 17,422	\$ -	\$ -	\$ 17,422
Culture and recreation	-	-	40,874	40,874
Committed	-	72,611	101,766	174,377
Unassigned	919,966	(3,396)	-	916,570
TOTAL FUND BALANCE	<u>\$ 937,388</u>	<u>\$ 69,215</u>	<u>\$ 142,640</u>	<u>\$ 1,149,243</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,052,720</u>	<u>\$ 84,258</u>	<u>\$ 142,640</u>	<u>\$ 1,279,618</u>

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

TOWN OF RICO, COLORADO
RECONCILIATION OF THE STATEMENT OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2021

Total Fund Balances - Governmental Funds	\$ 1,149,243
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets	2,031,372
Less: Accumulated depreciation	(743,332)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	20,642
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(115,192)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds:	
Capital leases payable	(98,865)
Net pension asset	13,291
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,257,159</u>

TOWN OF RICO, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	GENERAL	STREET	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Taxes:				
Property Tax	\$ 78,080	\$ 10,704	\$ -	\$ 88,784
Sales Tax	178,840	24,949	24,757	228,546
Other	6,279	38,861	2,867	48,007
Intergovernmental	42,493	-	-	42,493
General Government	188,454	-	-	188,454
Local Grants	-	20,000	-	20,000
Lottery Proceeds	-	-	3,517	3,517
Interest	728	44	48	820
Special Projects	26,653	-	-	26,653
Miscellaneous	59,199	-	7,527	66,726
TOTAL REVENUES	<u>580,726</u>	<u>94,558</u>	<u>38,716</u>	<u>714,000</u>
EXPENDITURES				
General Government	459,478	-	-	459,478
Public Safety	20,552	-	-	20,552
Culture and Recreation	47,868	63,263	21,220	132,351
Debt service	-	22,705	-	22,705
TOTAL EXPENDITURES	<u>527,898</u>	<u>85,968</u>	<u>21,220</u>	<u>635,086</u>
EXCESS OF REVENUES OVER EXPENDITURES	52,828	8,590	17,496	78,914
FUND BALANCE, Beginning	<u>884,560</u>	<u>60,625</u>	<u>125,144</u>	<u>1,070,329</u>
FUND BALANCE, Ending	<u>\$ 937,388</u>	<u>\$ 69,215</u>	<u>\$ 142,640</u>	<u>\$ 1,149,243</u>

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

TOWN OF RICO, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$	78,914
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Depreciation is reported in the government-wide financial statements	(46,324)	

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Capital leases payable	22,704	
Net pension liability	96,979	
Deferred outflows of resources related to pensions	(32,333)	
Deferred inflows of resources related to pensions	(43,774)	
	(43,774)	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>76,167</u>
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TOWN OF RICO, COLORADO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2021

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 23,169	\$ 216,125	\$ 239,294
Investments	64,814	-	64,814
Receivables	136,569	-	136,569
Taxes receivable	-	25,701	25,701
TOTAL CURRENT ASSETS	<u>224,552</u>	<u>241,826</u>	<u>466,378</u>
CAPITAL ASSETS			
Buildings	48,513	-	48,513
Water system	3,526,407	-	3,526,407
Total Capital Assets	3,574,920	-	3,574,920
Less: accumulated depreciation	(745,253)	-	(745,253)
NET CAPITAL ASSETS	<u>2,829,667</u>	<u>-</u>	<u>2,829,667</u>
TOTAL ASSETS	<u><u>\$ 3,054,219</u></u>	<u><u>\$ 241,826</u></u>	<u><u>\$ 3,296,045</u></u>
DEFERRED INFLOWS OF RESOURCES,			
AND NET POSITION			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>\$ -</u>	<u>\$ 25,701</u>	<u>\$ 25,701</u>
NET POSITION			
Net investment in capital assets	2,829,667	-	2,829,667
Unrestricted	<u>224,552</u>	<u>216,125</u>	<u>440,677</u>
TOTAL NET POSITION	<u><u>\$ 3,054,219</u></u>	<u><u>\$ 216,125</u></u>	<u><u>\$ 3,270,344</u></u>

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

TOWN OF RICO, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2021

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges to customers	\$ 174,952	\$ -	\$ 174,952
Other	995	-	995
	<u>175,947</u>	<u>-</u>	<u>175,947</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Salaries	103,737	-	103,737
Employee Benefits - Life	31	-	31
Insurance	4,612	-	4,612
Supplies	31,489	-	31,489
Water samples	2,158	-	2,158
Electric	5,069	-	5,069
Propane	3,000	-	3,000
Utilities-other	1,578	-	1,578
Dolores Water Conservancy	2,700	-	2,700
Miscellaneous	28	-	28
Treasurers fees	-	471	471
Other expense	-	7,638	7,638
Depreciation expense	69,402	-	69,402
	<u>223,804</u>	<u>8,109</u>	<u>231,913</u>
TOTAL OPERATING EXPENSES			
NET LOSS FROM OPERATIONS	<u>(47,857)</u>	<u>(8,109)</u>	<u>(55,966)</u>
NON-OPERATING REVENUE			
Interest income	76	105	181
Property taxes	-	23,621	23,621
Specific ownership taxes	-	1,363	1,363
Grants	132,311	-	132,311
	<u>132,387</u>	<u>25,089</u>	<u>157,476</u>
TOTAL NON-OPERATING REVENUE			
CHANGE IN NET POSITION	84,530	16,980	101,510
NET POSITION, Beginning	<u>2,969,689</u>	<u>199,145</u>	<u>3,168,834</u>
NET POSITION, Ending	<u>\$ 3,054,219</u>	<u>\$ 216,125</u>	<u>\$ 3,270,344</u>

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

TOWN OF RICO, COLORADO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended December 31, 2021

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 51,106	\$ -	\$ 51,106
Cash paid for expenses and employees	(156,979)	(8,109)	(165,088)
NET CASH USED BY OPERATING ACTIVITIES	(105,873)	(8,109)	(113,982)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of property and equipment	(163,855)	-	(163,855)
Grants	132,311	-	132,311
Property Taxes	-	23,621	23,621
Specific Ownership Taxes	-	1,363	1,363
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(31,544)	24,984	(6,560)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	77	105	182
NET CASH PROVIDED BY INVESTING ACTIVITIES	77	105	182
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(137,340)	16,980	(120,360)
CASH AND CASH EQUIVALENTS, Beginning of Year	225,323	199,145	424,468
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 87,983</u>	<u>\$ 216,125</u>	<u>\$ 304,108</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	\$ (47,857)	\$ (8,109)	\$ (55,966)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	69,402	-	69,402
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(124,841)	(1,951)	(126,792)
(Decrease) increase in:			
Accounts payable	(2,577)	-	(2,577)
Unavailable revenue	-	1,951	1,951
Total adjustments	(58,016)	-	(58,016)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (105,873)</u>	<u>\$ (8,109)</u>	<u>\$ (113,982)</u>

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

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rico, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Definition of the Reporting Entity

The Town of Rico, Colorado was incorporated in October 11, 1897 in Dolores County, and is governed by a seven member elected Board of Trustees. As required by generally accepted accounting principles, these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments.

The Town provides general government, public works (road and streets), water, sewer, and parks and recreation for the geographical area organized as the Town of Rico, Colorado. The Town contracts with the County for police protection. The Rico Fire Protection District (not a component unit) provides fire protection.

B. Fund Accounting

The government-wide financial statement (i.e., the statement of net position and the statement of activities) reports information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements (Continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports two major governmental funds:

- **The General Fund** is the Town's primary operating fund. It accounts for the general operations of the Town, which includes the following departments: Legislative, Judicial, Administration, Public Safety-Police, Community Development and Public Works.
- **The Street Fund** accounts for expenditures designated for streets and infrastructure maintenance. Sources of revenue include 1.785 mills and 10% of Town sales tax.

The Town reports two non-major governmental funds:

- **The Conservation Trust Fund** accounts for State of Colorado lottery funds to be used for acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.
- **The Parks, Open Space, and Trails Fund** accounts for special revenues and expenditures designated for operating and maintaining parks and recreation programs.

The Town reports the following major business-type activity funds:

- **The Water Fund** accounts for the Town's water distribution system.
- **The Sewer Fund** accounts for revenues collected to establish a solid waste facility.

D. Measurement Focus and Basis of Accounting

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

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

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

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at fair value according to institution reported balances at year-end.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make: (1) estimates and assumptions that affect the reported amounts of assets and liabilities and (2) disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred revenue in the governmental and enterprise funds.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

<u>Assets Class</u>	<u>Dollar Value</u>
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	\$ 5,000
Furniture and Equipment	\$ 5,000
Infrastructure	\$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	25 – 50 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 – 45 years
Furniture and Equipment	5 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position. Bond premium and discounts, are deferred and amortized over the term of the related debt using the straight-line method of amortization. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

K. Net Position

In the government-wide financial statements, net position represent the difference between assets and liabilities. Net capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position portion of equity is reported as restricted when there are limitations imposed on use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Fund Balances

In the governmental fund financial statements, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders or other debt holders, contributors, and higher levels of government), through constitutional provisions, or by enabling legislation.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority through an ordinance or resolution. Committed fund balance can also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority. The Capital Reserve amount reported is also described in the Town’s annual budget document.

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The Town considers all unassigned fund balances to be “reserves” for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note 11).

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by grant agreements. Designations of fund balance represent tentative management plans that are subject to change.

M. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as “due to/from other funds”. Nonrecurring or nonroutine permanent transfers of equity and all interfund transfers are reported as transfers in and transfers out. Any residual balances outstanding between the governmental activities and business-type activities are either eliminated or reported in the government-wide financial statements as “internal balances”.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2: BUDGETARY REQUIREMENTS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The Enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

By October 15, the Town Manager (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1, to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which require a balanced budget. Expenditures in excess of appropriations may violate Colorado Revised Statutes and must be reported to the State Auditor.

The Combined Statements of Revenues, Expenditures and Changes in Fund Balances for all fund types include comparisons to budget. Financial statements of the Enterprise Funds are presented in the accompanying Financial Statements on a Non-GAAP and GAAP basis. Budget amounts, included in the financial statements, are as originally adopted and as amended by Board of Trustees.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between fund balances (total governmental funds and net position) and governmental activities, as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances and changes in net position of governmental activities, as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the government fund statements during the consolidation of governmental activities.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CASH, DEPOSITS AND INVESTMENTS

A. Cash

A summary of the Town's cash and investments at December 31, 2021 follows:

<u>Type</u>	<u>Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 1,413,681
Cash with County Treasurer		<u>375</u>
		<u>1,414,056</u>
Investments:		
Colotrust (Fair Value)	AAAm by S & P	<u>73,070</u>
Total deposits and investments		<u><u>\$ 1,487,126</u></u>
Reconciliation to Statement of Net Position		
Current:		
Cash and Investments		<u><u>\$ 1,487,126</u></u>

B. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash only in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution. The eligible collateral is determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

C. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

Interest Rate Risk The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has no investment policy that would further limit its investment choices. At December 31, 2021 the Town's investment in the Colorado Government Liquid Assets Trust (COLOTRUST) was rated AAAm by Standard & Poor's.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CASH, DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk The Town places no limit on the amount the Town may invest in any one issuer.

The Town invests in one investment pool, the Colorado Liquid Assets Trust (COLOTRUST). The investment is not categorized because the investment is not evidenced by securities that exist in physical book entry form. At December 31, 2021, the Town had an investment of \$73,070 fair and carrying value.

NOTE 5: PROPERTY TAXES

Property taxes are collected on behalf of the Town by Dolores County and then remitted to the Town. The property tax is levied and certified in November of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year.

Secured property taxes are: (1) due in two equal installments on February 28 and June 15 and (2) delinquent after February 28 and June 15, respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, since they are not due until the following year. Property tax revenue is recognized when it is collected by Dolores County.

NOTE 6: CAPITAL ASSETS

Summary of changes in Capital Assets as of December 31, 2021 are:

	Balance January 1, 2021	<u>Additions</u>	<u>Deletions</u>	Balance December 31, 2021
GOVERNMENTAL ACTIVITIES				
Capital Assets not being depreciated:				
Land	\$ 453,760	\$ -	\$ -	\$ 453,760
Capital Assets being depreciated:				
Improvements	7,230	-	-	7,230
Buildings	908,366	-	-	908,366
Equipment	59,058	-	-	59,058
Vehicles	385,564	-	-	385,564
Streets	<u>217,394</u>	<u>-</u>	<u>-</u>	<u>217,394</u>
	<u>1,577,611</u>	<u>-</u>	<u>-</u>	<u>1,577,611</u>
Less accumulated depreciation:				
Improvements	(7,230)	-	-	(7,230)
Buildings	(341,617)	(17,071)	-	(358,688)
Equipment	(44,562)	(1,225)	-	(45,787)
Vehicles	(209,594)	(24,214)	-	(233,808)
Streets	<u>(94,005)</u>	<u>(3,814)</u>	<u>-</u>	<u>(97,819)</u>
Total accumulated depreciation	<u>(697,008)</u>	<u>(46,324)</u>	<u>-</u>	<u>(743,332)</u>
Capital assets being depreciated, net	<u>880,604</u>	<u>(46,324)</u>	<u>-</u>	<u>834,280</u>
Total Governmental Activities Capital Assets	<u>\$ 1,334,364</u>	<u>\$ (46,324)</u>	<u>\$ -</u>	<u>\$ 1,288,040</u>

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: CAPITAL ASSETS (Continued)

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
BUSINESS-TYPE ACTIVITIES				
Capital Assets being depreciated:				
Buildings	\$ 48,513	\$ -	\$ -	\$ 48,513
Water System	<u>3,362,552</u>	<u>163,855</u>	<u>-</u>	<u>3,526,407</u>
	<u>3,411,065</u>	<u>-</u>	<u>-</u>	<u>3,574,920</u>
Less accumulated depreciation:				
Buildings	(37,989)	(1,626)	-	(39,615)
Water System	<u>(637,862)</u>	<u>(67,776)</u>	<u>-</u>	<u>(705,638)</u>
Total accumulated depreciation	<u>(675,851)</u>	<u>(69,402)</u>	<u>-</u>	<u>(745,253)</u>
Capital assets being depreciated, net	<u>2,735,214</u>	<u>(69,402)</u>	<u>-</u>	<u>2,829,667</u>
Total Business-type Activities Capital Assets	<u>\$ 2,735,214</u>	<u>\$ 94,453</u>	<u>\$ -</u>	<u>\$ 2,829,667</u>

Depreciation expense was charged to functions of the Town for governmental activities as follows:

General Government	\$ 17,164
Public Works	28,028
Culture and Recreation	<u>1,132</u>
Total	<u>\$ 46,324</u>

NOTE 7: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2021 were:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities					
Loader Lease Purchase	<u>\$ 121,570</u>	<u>\$ -</u>	<u>\$ 22,705</u>	<u>\$ 98,865</u>	<u>\$ 98,865</u>

Governmental Activities

The Town entered into a lease agreement with Deere Credit, Inc. The lease is for a 4WD Loader and Angle Plow, with 5 annual payments of \$23,259 beginning January 2018, with last lease payment January 2022, and \$119,091 purchase option December 2022. Imputed interest is 2%.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7: LONG-TERM LIABILITIES (Continued)

Governmental Activities (Continued)

A summary of future debt payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$ 98,865</u>	<u>\$ 42,931</u>	<u>\$ 141,796</u>
	<u>\$ 98,865</u>	<u>\$ 42,931</u>	<u>\$ 141,796</u>

NOTE 8: RETIREMENT COMMITMENTS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Town are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

TOWN OF RICO

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00 percent AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions provisions as of December 31, 2021. Eligible employees of the Town and State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq* and § 24-51-413. Employee contribution rates for the period of January 1, 2021 through December 31, 2021 are summarized in the table below:

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees other than State Troopers)	8.50%	8.50%

**Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%
Total employer contribution rate to the LGDTF	13.20%	13.20%

**Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$15,226 for the year ended December 31, 2021.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Town reported an asset of \$(13,291) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The Town's proportion of the net pension liability/(asset) was based on the Town's contributions to the LGDTF for the calendar year 2021 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2021, the Town's proportion was 0.015502 percent, which was a decrease of 0.000557% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$(20,872). At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 650	\$ 222
Changes of assumptions or other inputs	4,505	-
Net difference between projected and actual earnings on pension plan investments	-	114,970
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	15,487	-
Total	\$ 20,642	\$ 115,192

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

\$15,487 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2022	\$ (24,736)
2023	(43,610)
2024	(27,740)
2025	(13,951)
2026	-
Thereafter	-
Total	\$ (110,037)

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30 percent
Real wage growth	0.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.20 – 11.30
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure	1.00 percent
PERA benefit structure hired after 12/31/06	Financed by the Annual Increase Reserve

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8: RETIREMENT COMMITMENTS (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town of Rico's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
	(6.25%)	Rate (7.25%)	(8.25%)
Proportionate share of the net pension liability (asset)	\$ 91,131	\$ (13,291)	\$ (100,636)

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9: RISK MANAGEMENT- PUBLIC ENTITY RISK POOL

The Town 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 and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons and 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 coverages 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 Town does not approve budgets nor does it have ability to significantly affect the operations of the unit. The Town is not exposed to any significant risk of loss.

NOTE 10: CONTINGENCIES

Claims and Judgments: The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. It is the opinion of management that such reimbursements, if any, will not have a material effect on the Town's financial position.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS

In November of 1992 Colorado voters approved Amendment 1 to the state Constitution which is commonly known as the Taxpayer's Bill of Rights or the Tabor Amendment (TABOR). The Amendment applies to all units of local government and limits taxes, spending, revenue, and multi-year debt (excepting bond refundings to lower interest rates and adding employees to pension plans). The amendment does not apply to entities that are defined as Enterprise Funds. The governmental funds of the Town do not qualify as Enterprise Funds.

The Town passed a ballot question on November 7, 1997. The ballot question permitted the Town, to collect, retain and expend, the full revenues from state and federal grants and all other non-tax revenues, and without limiting in any year the amount of other revenues that may be collected and spent by the Town, regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution.

The amendment also requires the Town to establish an Emergency Reserve which must be equal to three (3) percent of the current allowed revenue. Conditions under which these reserves may be spent are severally limited.

The Town believes that it is in compliance with the provisions of TABOR, as it is currently understood. Many of the provisions are complex and subject to interpretation, and may not become fully understood without judicial determination.

NOTE 12: COMPLIANCE WITH STATE STATUTES

Expenditures in the Water Fund exceeded appropriations by \$29,851. This may be a violation of State statutes.

TOWN OF RICO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13: NEW GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

NOTE 14: SUBSEQUENT EVENTS

In preparing the financial statements, the Town has evaluated events and transactions for potential disclosure through July 27, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2021 that would require disclosure, except those noted below.

On January 3, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The Town may be adversely affected through governmental and business closures resulting in a reduction of labor demand or supplies shortages. The Town will continue to monitor the situation surrounding COVID-19 and evaluate the impact it will have on future operations.

Required Supplementary Information

TOWN OF RICO, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Property tax	\$ 78,170	\$ 78,170	\$ 77,777	\$ (393)
Delinquent Tax & Interest	200	200	303	103
Sales and use tax	130,000	130,000	178,840	48,840
Specific ownership tax	3,800	3,800	4,507	707
Motor vehicle tax	1,300	1,300	1,772	472
Mineral leasing	15,000	15,000	13,077	(1,923)
Severance tax	1,320	1,320	385	(935)
Grants	6,000	6,000	29,031	23,031
Transfers - payroll	169,849	169,849	158,176	(11,673)
Fines and forfeitures	4,000	4,000	11,791	7,791
Interest	400	400	728	328
Licenses and permits	5,800	5,800	18,487	12,687
Special projects revenue	21,400	21,400	26,653	5,253
Miscellaneous	61,780	61,780	59,199	(2,581)
TOTAL REVENUES	499,019	499,019	580,726	81,707
EXPENDITURES				
Town Administrator	67,600	67,600	40,940	26,660
Town Clerk	33,732	33,732	33,732	-
Maintenance man	36,570	36,570	36,570	-
Part-time maintenance man	20,000	20,000	-	20,000
Payroll taxes	19,675	19,675	12,266	7,409
Town attorney	26,000	26,000	37,087	(11,087)
Auditor	12,500	12,500	6,375	6,125
Municipal Court Judge	4,500	4,500	4,500	-
Insurance	5,200	5,200	4,169	1,031
Supplies	12,000	12,000	15,796	(3,796)
Utilities	13,700	13,700	12,209	1,491
Water Technician	5,000	5,000	5,275	(275)
Public Safety	32,500	32,500	20,552	11,948
Miscellaneous	155,350	155,350	191,252	(35,902)
Employee Benefits	66,355	66,355	59,307	7,048
Special Projects/Capital Improvements	53,900	53,900	47,868	6,032
TOTAL EXPENDITURES	564,582	564,582	527,898	36,684
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(65,563)	(65,563)	52,828	118,391
Fund Balance, Beginning	884,560	884,560	884,560	-
Fund Balance, Ending	\$ 818,997	\$ 818,997	\$ 937,388	\$ 118,391

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
BUDGETARY COMPARISON SCHEDULE
STREET FUND

For the Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Property tax	\$ 10,763	\$ 10,763	\$ 10,704	\$ (59)
Sales and use tax	11,000	11,000	24,949	13,949
Specific ownership tax	500	500	618	118
Franchise tax	6,000	6,000	6,227	227
Excise tax	1,500	1,500	1,806	306
Road and bridge	10,000	10,000	11,814	1,814
Highway users tax	13,500	13,500	18,396	4,896
Other revenues - local grant	20,000	20,000	20,000	-
Interest	140	140	44	(96)
TOTAL REVENUES	<u>73,403</u>	<u>73,403</u>	<u>94,558</u>	<u>21,155</u>
EXPENDITURES				
Payroll	37,017	37,017	37,631	(614)
Equipment rental	-	-	569	(569)
Snow removal	20,000	20,000	-	20,000
Fuel	8,000	8,000	7,918	82
Repairs and maintenance	12,000	12,000	4,652	7,348
Insurance	5,000	5,000	4,321	679
Supplies	6,000	6,000	3,521	2,479
Electricity	2,000	2,000	1,383	617
Street lights	2,000	2,000	1,128	872
Utilities - other	2,000	2,000	1,926	74
Treasurer fees	300	300	214	86
Debt service	23,000	23,000	22,705	295
TOTAL EXPENDITURES	<u>117,317</u>	<u>117,317</u>	<u>85,968</u>	<u>31,349</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,914)	(43,914)	8,590	52,504
Fund Balance, Beginning	<u>60,625</u>	<u>60,625</u>	<u>60,625</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 16,711</u>	<u>\$ 16,711</u>	<u>\$ 69,215</u>	<u>\$ 52,504</u>

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY/(ASSET)
LAST TEN FISCAL YEARS*
DECEMBER 31, 2021

Measurement period ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Town's portion of the net pension liability/(asset)	0.015502%	0.016059%	0.014631%	0.015362%	0.014835%	0.018273%	0.023225%	0.024092%	0.024744%
Town's proportionate share of the net pension liability/(asset)	\$ (13,291)	\$ 83,688	\$ 107,011	\$ 193,131	\$ 165,182	\$ 246,747	\$ 256,058	\$ 215,694	\$ 203,623
Town's covered payroll	\$ 115,368	\$ 113,136	\$ 100,753	\$ 100,753	\$ 89,920	\$ 110,780	\$ 132,013	\$ 132,013	\$ 132,013
Town's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-12%	74%	106%	192%	184%	223%	194%	163%	154%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101%	110%	116%	132%	136%	136%	130%	124%	129%

*Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF RICO, COLORADO
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
LAST TEN FISCAL YEARS*
DECEMBER 31, 2021

Measurement period ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 15,226	\$ 14,659	\$ 12,776	\$ 12,776	\$ 11,402	\$ 14,044	\$ 16,739	\$ 16,739	\$ 16,739
Contributions in relation to the contractually required contributions	\$ (15,226)	\$ (14,659)	\$ (12,776)	\$ (12,776)	\$ (11,402)	\$ (14,044)	\$ (16,739)	\$ (16,739)	\$ (16,739)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 115,368	\$ 113,136	\$ 100,753	\$ 100,753	\$ 89,920	\$ 110,780	\$ 132,013	\$ 132,013	\$ 132,013
Contributions as a percentage of covered payroll	13%	13%	13%	13%	13%	13%	13%	13%	13%

*Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Supplementary Information

TOWN OF RICO, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	CONSERVATION TRUST	PARKS, OPEN SPACE & TRAILS	TOTALS
ASSETS			
Cash and Equivalents	\$ 40,874	\$ 101,766	\$ 142,640
TOTAL ASSETS	<u>\$ 40,874</u>	<u>\$ 101,766</u>	<u>\$ 142,640</u>
LIABILITIES AND FUND BALANCE			
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE			
Restricted for Culture and Recreation	40,874	-	40,874
Committed for Parks and Open Space	<u>-</u>	<u>101,766</u>	<u>101,766</u>
TOTAL FUND BALANCE	<u>40,874</u>	<u>101,766</u>	<u>142,640</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 40,874</u>	<u>\$ 101,766</u>	<u>\$ 142,640</u>

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	CONSERVATION TRUST	PARKS, OPEN SPACE & TRAILS	TOTAL
REVENUES			
Taxes:			
Sales and use tax	\$ -	\$ 24,757	\$ 24,757
Lodging tax	-	869	869
Excise tax	-	1,998	1,998
Lottery Proceeds	3,517	-	3,517
Interest	-	48	48
Miscellaneous	-	7,527	7,527
TOTAL REVENUES	3,517	35,199	38,716
EXPENDITURES			
Parks and Recreation	-	2,184	2,184
Supplies	-	15,791	15,791
Insurance	-	3,245	3,245
TOTAL EXPENDITURES	-	21,220	21,220
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,517	13,979	17,496
FUND BALANCE, Beginning	37,357	87,787	125,144
FUND BALANCE, Ending	\$ 40,874	\$ 101,766	\$ 142,640

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
For the Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Lottery proceeds	\$ 1,000	\$ 1,000	\$ 3,517	\$ 2,517
EXPENDITURES				
Parks and Recreation	5,000	5,000	-	5,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,000)	(4,000)	3,517	(2,483)
Fund Balance, Beginning	37,357	37,357	37,357	-
Fund Balance, Ending	<u>\$ 33,357</u>	<u>\$ 33,357</u>	<u>\$ 40,874</u>	<u>\$ (2,483)</u>

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
BUDGETARY COMPARISON SCHEDULE
PARKS, OPEN SPACE & TRAILS FUND
For the Year Ended December 31, 2021

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE- POSITIVE (NEGATIVE)
REVENUES			
Taxes			
Sales and use tax	\$ 10,000	\$ 24,757	\$ 14,757
Lodging tax	250	869	619
Excise tax	2,000	1,998	(2)
Miscellaneous	-	7,527	7,527
Interest	35	48	13
TOTAL REVENUES	12,285	35,199	22,914
EXPENDITURES			
Parks and Recreation Programs	2,150	2,184	(34)
Supplies	30,400	15,791	14,609
Insurance	15,900	3,245	12,655
TOTAL EXPENDITURES	48,450	21,220	27,230
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(36,165)	13,979	50,144
Fund Balance, Beginning	87,787	87,787	-
Fund Balance, Ending	\$ 51,622	\$ 101,766	\$ 50,144

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION-
BUDGET AND ACTUAL
ENTERPRISE FUND - WATER
For the Year Ended December 31, 2021

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Charges to customers	\$ 147,250	\$ 174,952	\$ 27,702
Grants	240,051	132,311	(107,740)
Electric Reimbursement	1,750	995	(755)
Interest	100	76	(24)
TOTAL REVENUES	389,151	308,334	(80,817)
EXPENSES			
Salaries	108,390	103,737	4,653
Employee Benefits - Life	140	31	109
Repairs and maintenance	5,000	-	5,000
Insurance	6,000	4,612	1,388
Supplies	7,500	31,489	(23,989)
Water Samples	6,000	2,158	3,842
Electric	5,400	5,069	331
Propane	2,500	3,000	(500)
Utilities-other	2,100	1,578	522
Dolores Water Conservancy	2,700	2,700	-
Miscellaneous	10,125	28	10,097
Capital Outlay	132,551	163,855	(31,304)
TOTAL EXPENSES	288,406	318,257	(29,851)
CHANGE IN NET POSITION, Budget Basis	\$ 100,745	(9,923)	\$ (110,668)
ADJUSTMENTS TO GAAP BASIS:			
Add:			
Capitalized assets		163,855	
Less:			
Depreciation		(69,402)	
CHANGE IN NET POSITION, GAAP Basis		\$ 84,530	

See the accompanying Independent Auditor's Report.

TOWN OF RICO, COLORADO
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL
ENTERPRISE FUND - SEWER
For the Year Ended December 31, 2021

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Property taxes	\$ 23,800	\$ 23,621	\$ (179)
Specific ownership tax	1,000	1,363	363
Interest	95	105	10
TOTAL REVENUES	24,895	25,089	194
EXPENSES			
Operating	21,769	8,109	13,660
TOTAL EXPENSES	21,769	8,109	13,660
NET INCOME	\$ 3,126	\$ 16,980	\$ 13,854

See the accompanying Independent Auditor's Report.

Supplemental Data for Oversight Agencies

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Rico
	YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of _) Town of Rico	Prepared By: Phone: Chauncey McCarthy, Town Manager 970-967-2863

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	27,923
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	58,045
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	42,498	c. Other	0
4. Miscellaneous local receipts (from page 2)	1,850	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	85,968
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	44,348	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	50,210	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	94,558	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	85,968

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	60,625	94,558	85,968	69,215	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	
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	10,704	a. Interest on investments	44
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	24,949	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	6,845	g. Other Misc. Receipts	
6. Total (1. through 5.)	31,794	h. Other	1,806
c. Total (a. + b.)	42,498	i. Total (a. through h.)	1,850
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	18,396	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 -Rico Center Grant	20,000	e. U.S. Corps of Engineers	
e. Other (Specify) Road & Bridge	11,814	f. Other Federal	
f. Total (a. through e.)	31,814	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	50,210	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		27,921	27,923
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	27,923	27,923
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	27,923	27,923
			(Carry forward to page 1)
Notes and Comments:			



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Board of Trustees
Town of Rico, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rico, Colorado (the “Town”) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated July 27, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be material weaknesses.

Compliance and Other Matters

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

Town of Rico's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

ATLAS CPAs & Auditors PLLC

Phoenix, Arizona
July 27, 2022

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-001

Material Weakness in Internal Control over Financial Reporting—Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the Town’s assets and ensure accurate financial reporting.

Condition: Presently, the same individuals perform all duties at the Town.

Context: We observed inadequate segregation of duties by reviewing an organizational chart, observing the small number of staff present at the Town, and through interviews of personnel and management.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the utility billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity’s limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Same finding as 2020-001 – segregation of duties.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. It is typical for smaller entities like the Town to contract a fee accountant or have Board members provide additional internal control.

Management’s Response: Staffing levels at the Town make it impossible to have complete segregation of duties over the accounting functions. The Town will continue to evaluate internal controls and implement procedures when necessary to safeguard assets and prevent errors and fraud. The Town will also continue contracting with a fee accountant to add a layer of internal control and provide accounting expertise during year-end closeout.

**TOWN OF RICO
ORDINANCE NO. 2022-10**

**AN ORDINANCE OF THE TOWN OF RICO, COLORADO AMENDING
THE YEAR 2022 BUDGET AND APPROVING SUPPLEMENTAL
APPROPRIATIONS OF MONEY**

WHEREAS, the Town of Rico, Colorado (“Town”) is a Colorado home rule municipality organized pursuant to Article XX of the Colorado Constitution and with the authority of the Town of Rico Home Rule Charter; and

WHEREAS, the Board of Trustees of the Town of Rico (“Board”) designated Kari Distefano and Chauncey McCarthy, Rico Town Manager to prepare and submit a proposed budget to the Governing Body; and

WHEREAS, the Board adopted the 2022 Budget for the Town of Rico by enacting Ordinance 2021-04 on 15th day of December 2022; and

WHEREAS, Section 6.7 of the Town of Rico Home Rule Charter provides that the Board may make additional appropriations by ordinance during the fiscal year for unanticipated expenditures required of the Town; and

WHEREAS, the Board finds it necessary for the preservation of the health, safety and welfare of the Town to amend the 2022 Budget to reflect additional revenues and expenditures available to the General Fund, Park Fund, Street Fund, and Water Fund; and

WHEREAS, management, by direction of the Board, finds it necessary to purchase equipment, increase staffing, and plan for facility upgrades

**NOW THEREFORE, THE BOARD OF TRUSTEES OF THE TOWN OF RICO
ORDAINS:**

Section 1. The recitals hereinabove are hereby adopted as findings and incorporated herein.

Section 2.

A. The 2022 budget revenues and expenditures as follows

General Fund revenue for sales and use tax has been amended to \$175,000

General Fund revenue for CVRF has been amended to \$29,000

General Fund revenue for lodging tax has been amended to \$4,000

General Fund expenditure for town marshal vehicle has been amended to \$0

General Fund expenditure for facility improvements has been amended to \$135,000

General Fund expenditure for part time maintenance has been amended to \$35,000
 General Fund expenditure for front end loader has been amended to \$120,000
 General Fund expenditure for town attorney has been amended to \$30,000
 Park Fund revenue for sales and use tax has been amended to \$20,000
 Park Fund revenue for excise tax has been amended to \$3,000
 Park Fund expenditure for Administrator payroll has been amended to \$0
 Park Fund expenditure for facility planning and improvement has been amended to \$20,000
 Street Fund revenue for Rico Center grant has been amended to \$33,000
 Street Fund expenditure for payroll transfer has been amended to \$40,000
 Water Fund expenditure for payroll transfers has been amended to \$82,500
 Water Fund expenditure for water tank replacement has been amended to \$0

B. The Board does hereby adopt and approve the above supplemental budget and appropriations to the 2022 budget for the Town of Rico which adjusts the 2022 budget summary by fund as follows:

General Fund Revenue: \$582,000
 General Fund Expenditures: \$865,000

Park Fund Revenue: \$148,900
 Park Fund Expenditures: \$154,400

Street Fund Revenue: \$99,000
 Street Fund Expenditures: \$108,000

Water Fund Expenditures: \$143,250

Section 3. This Ordinance shall take effect immediately upon final adoption.

THIS ORDINANCE WAS, FOLLOWING PUBLIC NOTICE, INTRODUCED, READ, AND APPROVED ON FIRST READING, AND ORDERED PUBLISHED BY TITLE ONLY THIS 21ST DAY OF SEPTEMBER 2022.

TOWN OF RICO, COLORADO

Nicole Pieterse, Mayor

ATTEST:

Anna Wolf, Town Clerk

THIS ORDINANCE WAS, FOLLOWING PUBLIC NOTICE, INTRODUCED, READ ON SECOND READING, PASSED AND ORDERED PUBLISHED BY TITLE ONLY TO BE EFFECTIVE IMMEDIATELY THIS 3RD DAY OF OCTOBER 2022.

TOWN OF RICO, COLORADO

ATTEST:

Nicole Pieterse, Mayor

Anna Wolf, Town Clerk

Effective Date: October 3, 2022

RESOLUTION 2022-03**RESOLUTION OF THE TOWN OF RICO BOARD OF TRUSTEES SUPPORTING THE
SUBMISSION OF A GRANT APPLICATION FOR FUNDS FROM COLORADO PARKS AND
WILDLIFE NON-MOTORIZED TRAIL FUND**

WHEREAS, the Town of Rico supports the Rico Trails Alliance's application to Colorado Parks and Wildlife to fund the planning studies and assessments required for construction of a pedestrian bridge across the Dolores River to connect the recently approved US Forrest Service trail, in the San Juan National Forest, with the Town's public trail across the parcel known as the Dolores Placer; and

WHEREAS, with these grant funds, the Town of Rico intends to provide local funding dedicated to parks, open space and trails to accompany the financial support from the Rico Trails Alliance, a Colorado 501(c)(3) non-profit corporation, for the planning of a trail and a bridge, subject to the award and execution of a grant agreement.

NOW, THEREFOR, IT IS HEREBY RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF RICO THAT:

SECTION 1: The Town Board of Trustees hereby expresses its support for the CPW planning grant application, and if awarded, supports completion of the project and long-term maintenance of the Town's public trail across the parcel known as the Dolores Placer for which it has a perpetual, non-exclusive trail easement for non-motorized, pedestrian, equestrian, skier and other recreational access for the benefit of the public.

SECTION 2: The Town Board of Trustees has authorized the expenditure of funds in amounts approved by the Board of Trustees to accompany the financial support contributed by the Rico Trails Alliance, to meet the terms and obligations of the CPW's Non-motorized Trails planning grant agreement, if awarded.

ADOPTED this 21st day of September, 2022, by the Board of Trustees for the Town of Rico, Colorado.

Patrick Fallon, Mayor Pro Tem
Town of Rico, Colorado

Attest:

Anna Wolfe, Town Clerk
Town of Rico, Colorado

DR 8400 (03/10/22)
 COLORADO DEPARTMENT OF REVENUE
 Liquor Enforcement Division

Submit to Local Licensing Authority

**MOTHERLODE LIQUORS
 PO BOX 2813
 Telluride CO 81435**

Fees Due	
Renewal Fee	277.50
Storage Permit \$100 X _____	\$
Sidewalk Service Area \$75.00	\$
Additional Optional Premise Hotel & Restaurant \$100 X _____	\$
Related Facility - Campus Liquor Complex \$160.00 per facility	\$
Amount Due/Paid	\$

Make check payable to: Colorado Department of Revenue. The State may convert your check to a one-time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department may collect the payment amount directly from your banking account electronically.

Retail Liquor or Fermented Malt Beverage License Renewal Application

Please verify & update all information below

Return to city or county licensing authority by due date

Licensee Name MOTHERLODE LIQUORS LLC		Doing Business As Name (DBA) MOTHERLODE LIQUORS	
Liquor License # 03-13894	License Type Liquor Store (city)		
Sales Tax License Number 94547846	Expiration Date 10/13/2022	Due Date 08/29/2022	
Business Address 5 NORTH GLASGOW AVENUE Rico CO 81332			Phone Number 9709672337
Mailing Address PO BOX 2813 Telluride CO 81435		Email Pwint361@gmail.com	
Operating Manager Paul Wintin	Date of Birth 10/08/82	Home Address 24 N. River St. Rico, CO 81332	Phone Number (970) 519-1015
1. Do you have legal possession of the premises at the street address above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are the premises owned or rented? <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Rented* If rented, expiration date of lease <u>9/20/24</u>			
2. Are you renewing a storage permit, additional optional premises, sidewalk service area, or related facility? If yes, please see the table in upper right hand corner and include all fees due. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
3a. Are you renewing a takeout and/or delivery permit? (Note: must hold a qualifying license type and be authorized for takeout and/or delivery license privileges) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
3b. If so, which are you renewing? <input type="checkbox"/> Delivery <input type="checkbox"/> Takeout <input type="checkbox"/> Both Takeout and Delivery			
4a. Since the date of filing of the last application, has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant, been found in final order of a tax agency to be delinquent in the payment of any state or local taxes, penalties, or interest related to a business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
4b. Since the date of filing of the last application, has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant failed to pay any fees or surcharges imposed pursuant to section 44-3-503, C.R.S.? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5. Since the date of filing of the last application, has there been any change in financial interest (new notes, loans, owners, etc.) or organizational structure (addition or deletion of officers, directors, managing members or general partners)? If yes, explain in detail and attach a listing of all liquor businesses in which these new lenders, owners (other than licensed financial institutions), officers, directors, managing members, or general partners are materially interested. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
6. Since the date of filing of the last application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been convicted of a crime? If yes, attach a detailed explanation. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

7. Since the date of filing of the last application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been denied an alcohol beverage license, had an alcohol beverage license suspended or revoked, or had interest in any entity that had an alcohol beverage license denied, suspended or revoked? If yes, attach a detailed explanation. ☐ Yes ☒ No
8. Does the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) have a direct or indirect interest in any other Colorado liquor license, including loans to or from any licensee or interest in a loan to any licensee? If yes, attach a detailed explanation. ☐ Yes ☒ No

Affirmation & Consent		
I declare under penalty of perjury in the second degree that this application and all attachments are true, correct and complete to the best of my knowledge.		
Type or Print Name of Applicant/Authorized Agent of Business		Title
Paul Winston		Owner
Signature		Date
Paul Winston		8/24/22
Report & Approval of City or County Licensing Authority		
The foregoing application has been examined and the premises, business conducted and character of the applicant are satisfactory, and we do hereby report that such license, if granted, will comply with the provisions of Title 44, Articles 4 and 3, C.R.S., and Liquor Rules.		
Therefore this application is approved.		
Local Licensing Authority For		Date
Signature	Title	Attest

Tax Check Authorization, Waiver, and Request to Release Information

I, Paul Winton am signing this Tax Check Authorization, Waiver and Request to Release Information (hereinafter "Waiver") on behalf of Mother-Lode Liquors LLC (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documentation that may otherwise be confidential, as provided below. If I am signing this Waiver for someone other than myself, including on behalf of a business entity, I certify that I have the authority to execute this Waiver on behalf of the Applicant/Licensee.

The Executive Director of the Colorado Department of Revenue is the State Licensing Authority, and oversees the Colorado Liquor Enforcement Division as his or her agents, clerks, and employees. The information and documentation obtained pursuant to this Waiver may be used in connection with the Applicant/Licensee's liquor license application and ongoing licensure by the state and local licensing authorities. The Colorado Liquor Code, section 44-3-101, et seq. ("Liquor Code"), and the Colorado Liquor Rules, 1 CCR 203-2 ("Liquor Rules"), require compliance with certain tax obligations, and set forth the investigative, disciplinary and licensure actions the state and local licensing authorities may take for violations of the Liquor Code and Liquor Rules, including failure to meet tax reporting and payment obligations.

The Waiver is made pursuant to section 39-21-113(4), C.R.S., and any other law, regulation, resolution or ordinance concerning the confidentiality of tax information, or any document, report or return filed in connection with state or local taxes. This Waiver shall be valid until the expiration or revocation of a license, or until both the state and local licensing authorities take final action to approve or deny any application(s) for the renewal of the license, whichever is later. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license, if requested.

By signing below, Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority or agency in the possession of tax documents or information, release information and documentation to the Colorado Liquor Enforcement Division, and is duly authorized employees, to act as the Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to allow the state and local licensing authorities, and their duly authorized employees, to investigate compliance with the Liquor Code and Liquor Rules. Applicant/Licensee authorizes the state and local licensing authorities, their duly authorized employees, and their legal representatives, to use the information and documentation obtained using this Waiver in any administrative or judicial action regarding the application or license.

Name (Individual/Business) <u>Mother-Lode Liquor LLC</u>		Social Security Number/Tax Identification Number <u>9</u>	
Address <u>5 N. Glasgow Ave</u>			
City <u>Rico</u>		State <u>CO</u>	Zip <u>81332</u>
Home Phone Number <u>(970) 519-1017</u>		Business/Work Phone Number <u>(970) 519-1017</u>	
Printed name of person signing on behalf of the Applicant/Licensee <u>Paul Winton</u>			
Applicant/Licensee's Signature (Signature authorizing the disclosure of confidential tax information) <u>[Signature]</u>			Date signed <u>8/24/22</u>

Privacy Act Statement

Providing your Social Security Number is voluntary and no right, benefit or privilege provided by law will be denied as a result of refusal to disclose it. § 7 of Privacy Act, 5 USCS § 552a (note).

Submit to Local Licensing Authority

MOUNTAIN TOP LIQUOR
P.O. BOX 326
Rico CO 81332

Fees Due	
Renewal Fee	277.50
Storage Permit \$100 X _____	\$
Sidewalk Service Area \$75.00	\$
Additional Optional Premise Hotel & Restaurant \$100 X _____	\$
Related Facility - Campus Liquor Complex \$160.00 per facility	\$
Amount Due/Paid	\$ 277.50

Make check payable to: Colorado Department of Revenue. The State may convert your check to a one-time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department may collect the payment amount directly from your banking account electronically.

Retail Liquor or Fermented Malt Beverage License Renewal Application

Please verify & update all information below


Return to city or county licensing authority by due date

Licensee Name ROCK LAUBSTER LLC		Doing Business As Name (DBA) MOUNTAIN TOP LIQUOR	
Liquor License # 03-14080	License Type Liquor Store (city)		
Sales Tax License Number 94548940	Expiration Date 11/30/2022	Due Date 10/16/2022	
Business Address 235 SOUTH GLASGOW AVENUE Rico CO 81332			Phone Number 9709674000
Mailing Address P.O. BOX 326 Rico CO 81332		Email RICO MOUNTAIN TOP @ GMAIL . COM	
Operating Manager STEVE LAUB	Date of Birth 12/31/87	Home Address 102 N GARFIELD ST. , Rico CO 81332	Phone Number (970) 967-4000
1. Do you have legal possession of the premises at the street address above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are the premises owned or rented? <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Rented* If rented, expiration date of lease _____			
2. Are you renewing a storage permit, additional optional premises, sidewalk service area, or related facility? If yes, please see the table in upper right hand corner and include all fees due. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
3a. Are you renewing a takeout and/or delivery permit? (Note: must hold a qualifying license type and be authorized for takeout and/or delivery license privileges) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
3b. If so, which are you renewing? <input type="checkbox"/> Delivery <input type="checkbox"/> Takeout <input type="checkbox"/> Both Takeout and Delivery			
4a. Since the date of filing of the last application, has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant, been found in final order of a tax agency to be delinquent in the payment of any state or local taxes, penalties, or interest related to a business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
4b. Since the date of filing of the last application, has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant failed to pay any fees or surcharges imposed pursuant to section 44-3-503, C.R.S.? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5. Since the date of filing of the last application, has there been any change in financial interest (new notes, loans, owners, etc.) or organizational structure (addition or deletion of officers, directors, managing members or general partners)? If yes, explain in detail and attach a listing of all liquor businesses in which these new lenders, owners (other than licensed financial institutions), officers, directors, managing members, or general partners are materially interested. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
6. Since the date of filing of the last application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been convicted of a crime? If yes, attach a detailed explanation. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

7. Since the date of filing of the last application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been denied an alcohol beverage license, had an alcohol beverage license suspended or revoked, or had interest in any entity that had an alcohol beverage license denied, suspended or revoked? If yes, attach a detailed explanation. ☐ Yes ☒ No
8. Does the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) have a direct or indirect interest in any other Colorado liquor license, including loans to or from any licensee or interest in a loan to any licensee? If yes, attach a detailed explanation. ☐ Yes ☒ No

Affirmation & Consent

I declare under penalty of perjury in the second degree that this application and all attachments are true, correct and complete to the best of my knowledge.

Type or Print Name of Applicant/Authorized Agent of Business	Title
LAUREN LAUB	COOWNER
Signature	Date
	8/18/2022

Report & Approval of City or County Licensing Authority

The foregoing application has been examined and the premises, business conducted and character of the applicant are satisfactory, and we do hereby report that such license, if granted, will comply with the provisions of Title 44, Articles 4 and 3, C.R.S., and Liquor Rules.

Therefore this application is approved.

Local Licensing Authority For		Date
Signature	Title	Attest

Tax Check Authorization, Waiver, and Request to Release Information

I, LAUREN LAUB am signing this Tax Check Authorization, Waiver and Request to Release Information (hereinafter "Waiver") on behalf of ROCK LAUBSTER LLC (the "Applicant/Licensee") to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documentation that may otherwise be confidential, as provided below. If I am signing this Waiver for someone other than myself, including on behalf of a business entity, I certify that I have the authority to execute this Waiver on behalf of the Applicant/Licensee.

The Executive Director of the Colorado Department of Revenue is the State Licensing Authority, and oversees the Colorado Liquor Enforcement Division as his or her agents, clerks, and employees. The information and documentation obtained pursuant to this Waiver may be used in connection with the Applicant/Licensee's liquor license application and ongoing licensure by the state and local licensing authorities. The Colorado Liquor Code, section 44-3-101. et seq. ("Liquor Code"), and the Colorado Liquor Rules, 1 CCR 203-2 ("Liquor Rules"), require compliance with certain tax obligations, and set forth the investigative, disciplinary and licensure actions the state and local licensing authorities may take for violations of the Liquor Code and Liquor Rules, including failure to meet tax reporting and payment obligations.

The Waiver is made pursuant to section 39-21-113(4), C.R.S., and any other law, regulation, resolution or ordinance concerning the confidentiality of tax information, or any document, report or return filed in connection with state or local taxes. This Waiver shall be valid until the expiration or revocation of a license, or until both the state and local licensing authorities take final action to approve or deny any application(s) for the renewal of the license, whichever is later. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license, if requested.

By signing below, Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority or agency in the possession of tax documents or information, release information and documentation to the Colorado Liquor Enforcement Division, and is duly authorized employees, to act as the Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to allow the state and local licensing authorities, and their duly authorized employees, to investigate compliance with the Liquor Code and Liquor Rules. Applicant/Licensee authorizes the state and local licensing authorities, their duly authorized employees, and their legal representatives, to use the information and documentation obtained using this Waiver in any administrative or judicial action regarding the application or license.

Name (Individual/Business) <u>ROCK LAUBSTER LLC</u>		Social Security Number/Tax Identification Number <u>8</u> <u>77</u>	
Address <u>235 S GLASGOW AVE, PO Box 326</u>			
City <u>Rico</u>		State <u>CO</u>	Zip <u>81332</u>
Home Phone Number		Business/Work Phone Number <u>(970) 967-4000</u>	
Printed name of person signing on behalf of the Applicant/Licensee <u>LAUREN LAUB</u>			
Applicant/Licensee's Signature (Signature authorizing the disclosure of confidential tax information) <u>Lauren Laub</u>			Date signed <u>8/18/2022</u>

Privacy Act Statement

Providing your Social Security Number is voluntary and no right, benefit or privilege provided by law will be denied as a result of refusal to disclose it. § 7 of Privacy Act, 5 USCS § 552a (note).

**COLORADO****Department of Revenue**

Specialized Business Group—
Liquor & Tobacco

Mailing Address:

Colorado Department of Revenue,
Attention Liquor Enforcement Division
P.O. Box 17087
Denver, CO 80217-0087

Physical Address:

1707 Cole Boulevard, Suite 300
Lakewood, CO 80401
Office: 303-205-2300

NOTIFICATION LETTER

August 3, 2022

MOUNTAIN TOP LIQUOR
P.O. BOX 326
Rico, CO 81332

License Number: 03-14080

REGISTRATION CODE: 24478154

The Colorado Department of Revenue, Liquor Enforcement Division is excited to announce the ability to apply for a Delivery Permit on-line.

Here is some important information for you to have a successful experience with the new online system.

Pursuant to Regulation 47-426(A)(5)(b), 1 CCR 203-2, all retailers eligible to deliver alcohol beverages, and who operate a delivery service, must obtain a delivery permit by July 1, 2020 in order to operate legally.

To use the Division's online services, visit <https://www.colorado.gov/revenue>. You must first create an online account using a valid email address and create a password. Use your license or permit number and registration code (shown below) to link your license or permit to your online account. If you hold more than one license or permit, you can link all of them under the same account.

License Number: **03-14080**

License Type: **Liquor Store (city)**

Registration Code: **24478154**

You can visit the Liquor and Tobacco Enforcement Division's website for more information on the online services available using this link: <https://www.colorado.gov/revenue>

When completing your online application process, you are required to provide a Delivery Service Agreement only **IF** you are planning on using a third party company or third party software system to take orders.

All fields must be completed, otherwise you will receive an error message and will not be able to complete the application.

Once your fully completed application has been submitted, a licensing specialist will review and process it. If your application cannot be processed, you will be notified via email. You will then have the opportunity to log in to your account and submit the required information.

The Colorado Department of Revenue, Liquor Enforcement Division looks forward to working with you on this online application process. If you have any questions or concerns, please contact us at 303-205-2300.

Sincerely,
Colorado Department of Revenue
Liquor Enforcement