

**TOWN OF DOVE CREEK, COLORADO**

Independent Accountants' Reports  
And  
Basic Financial Statements

December 31, 2016



**RECEIVED**

*By the Office of the State Auditor at 10:39 am, Jun 29, 2017*

# TOWN OF DOVE CREEK, COLORADO

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# Majors and Haley, P.C.

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Town Board  
Town of Dove Creek, Colorado  
Dove Creek, Colorado 81324

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 Dove Creek, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dove Creek, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information of the General Fund, 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 management's discussion and analysis 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.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dove Creek's basic financial statements. The other supplemental information and Local Highway Finance Report as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Majors and Haley PC*

Majors and Haley PC  
Cortez, Colorado  
May 17, 2017

## TOWN OF DOVE CREEK, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2016

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Dove Creek, Colorado's (Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2016. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, which begin on page 13.

#### FINANCIAL HIGHLIGHTS

- The Town's net position increased \$42,599 as a result of this year's operations.
  - Net position of governmental activities increased \$102,394, which represents a 3.9% increase.
  - Net position of business type activities decreased \$59,795 or 2.97%.
- The Town's total revenue was \$932,231 which is a decrease of \$101,657 from \$1,033,888 in the prior year. This decrease is, for the most part, due to Mineral Leasing and Severance Tax monies which decreased \$94,907 from \$333,941 in 2015 to \$239,034 in 2016.
  - General revenues accounted for \$565,465 in revenue or 60.7% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$366,766 or the remaining 39.3%.
- The Town incurred \$889,632 in expenses which is a \$67,265 increase from \$822,367 in the prior year.
  - The general revenues were adequate to cover \$522,866 in expenditures that were not offset by program specific revenues.
- The General Fund reported a \$111,143 increase in fund balance from \$2,507,444 to \$2,618,587. This is a 4.4% increase.
- The business type activities decrease in net position of \$59,795 consisted of a decrease in the Water Fund of \$47,399 and a decrease in the Sanitation Fund of \$12,396. Depreciation included was \$44,625 in the Water Fund and \$21,571 in the Sanitation Fund.

# TOWN OF DOVE CREEK, COLORADO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2016

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report is comprised of a series of financial statements. Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements. Comparison to prior year's activity is provided in this document. The basic financial statements are comprised of three components.

- Government-wide financial statements.
- Fund financial statements.
- Notes to the basic financial statements.

This report also contains required supplemental information, other supplementary information and information required by oversight authorities in addition to the basic financial statements themselves.

#### ***Government-wide Statements***

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private companies. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information about all of the Town's assets and liabilities. The difference between assets and liabilities is reported as net position.
- The Statement of Activities presents information showing how the net position of the Town changed during the current fiscal year. Changes in net position are recorded in the Statement of Activities when the underlying event occurs regardless of the timing of related cash flow. Thus, all of the revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-wide financial statements are one way to measure the Town's financial health, or financial position.

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

## TOWN OF DOVE CREEK, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2016

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

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

#### ***Fund Financial Statements***

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

The Town uses two types of funds:

- **Governmental funds-** Most of the Town's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Proprietary funds-** Services for which the Town charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide financial statements. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.

**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2016

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Total assets increased by \$65,986. Current assets increased \$140,931. Net capital assets decreased \$74,945. Liabilities increased by \$18,511.

The Town's combined net position was larger on December 31, 2016 than it was at December 31, 2015, increasing by 1% to \$4,666,351. \$102,394 of the increase came from its governmental activities, the net position of which grew to \$2,715,878. The net position of the Town's business type activities decreased \$59,795 to \$1,950,473.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) on the Town's governmental and business-type activities.

**Table 1**  
**Comparative Summary Statement of Net Position**  
**December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Town	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 2,755,828	\$ 2,638,955	\$ 1,048,516	\$ 1,024,458	\$ 3,804,344	\$ 3,663,413
Capital assets	97,291	106,040	971,714	1,037,910	1,069,005	1,143,950
Total assets	<u>2,853,119</u>	<u>2,744,995</u>	<u>2,020,230</u>	<u>2,062,368</u>	<u>4,873,349</u>	<u>4,807,363</u>
Liabilities	<u>12,657</u>	<u>11,803</u>	<u>69,757</u>	<u>52,100</u>	<u>82,414</u>	<u>63,903</u>
Deferred Inflow of Resources	<u>124,584</u>	<u>119,708</u>			<u>124,584</u>	<u>119,708</u>
Net Position						
Net Invested in capital assets	97,291	106,040	971,714	1,037,910	1,069,005	1,143,950
TABOR	100,000	100,000			100,000	100,000
Unrestricted	2,518,587	2,407,444	978,759	972,358	3,497,346	3,379,802
Total net position	<u>\$ 2,715,878</u>	<u>\$ 2,613,484</u>	<u>\$ 1,950,473</u>	<u>\$ 2,010,268</u>	<u>\$ 4,666,351</u>	<u>\$ 4,623,752</u>

**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2016

**Table 2**  
**Comparative Summary Changes in Net Position**  
**For the Year Ending December 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Town	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 35,375	\$ 39,413	\$ 293,085	\$ 286,090	\$ 328,460	\$ 325,503
Operating grants & contributions	38,306	37,474			38,306	37,474
General revenues						
Property taxes	120,634	131,651			120,634	131,651
Sales taxes	148,472	139,836			148,472	139,836
Other	294,887	397,969	1,472	1,455	296,359	399,424
Total revenues	<u>637,674</u>	<u>746,343</u>	<u>294,557</u>	<u>287,545</u>	<u>932,231</u>	<u>1,033,888</u>
Expenses						
General government	234,585	228,955			234,585	228,955
Public safety	74,243	95,765			74,243	95,765
Public works	159,280	126,539	354,352	311,556	513,632	438,095
Culture and recreation	67,172	59,552			67,172	59,552
Total expenses	<u>535,280</u>	<u>510,811</u>	<u>354,352</u>	<u>311,556</u>	<u>889,632</u>	<u>822,367</u>
Increase (decrease) in net position	<u>\$ 102,394</u>	<u>\$ 235,532</u>	<u>\$ (59,795)</u>	<u>\$ (24,011)</u>	<u>\$ 42,599</u>	<u>\$ 211,521</u>

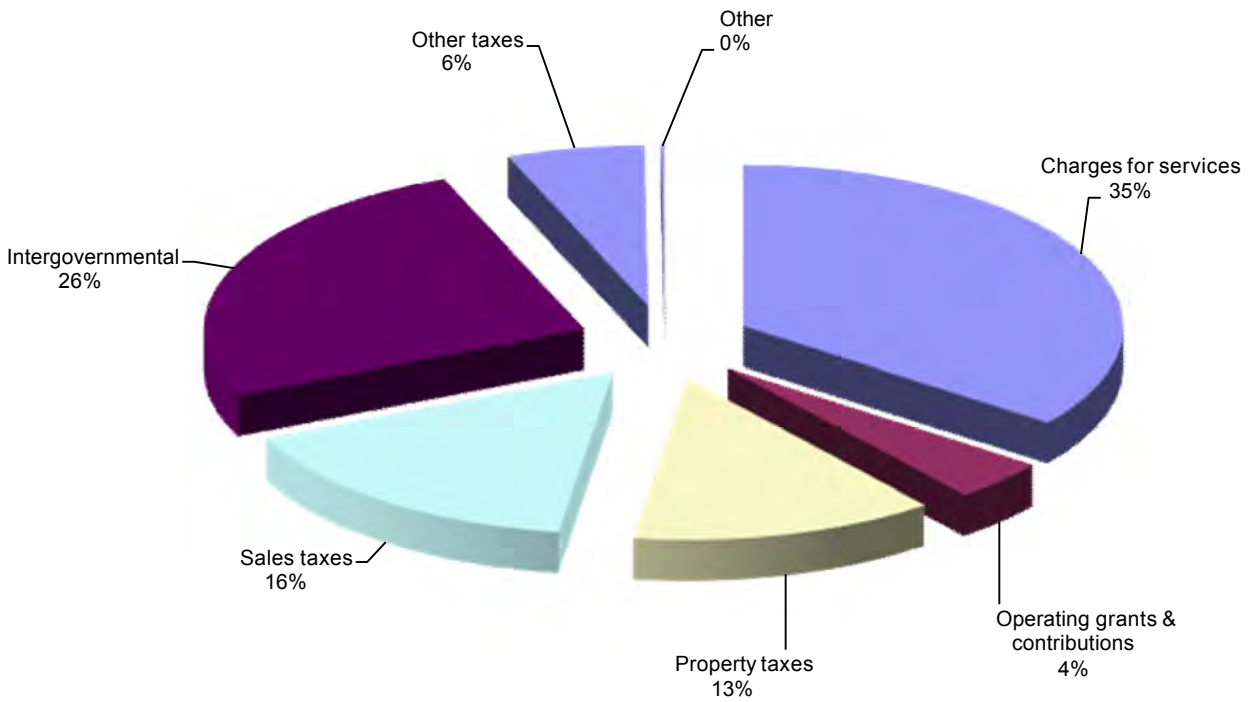
**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

For the Year Ended December 31, 2016

Intergovernmental revenues accounted for 26% of the Town's total revenues. Another 29% came from property and sales taxes; 35% from charges for services; 6% from miscellaneous tax revenue and the remaining 4% came from operating and capital grants and other revenue.

**Table 3**  
**Sources of Revenue for Fiscal Year 2016**



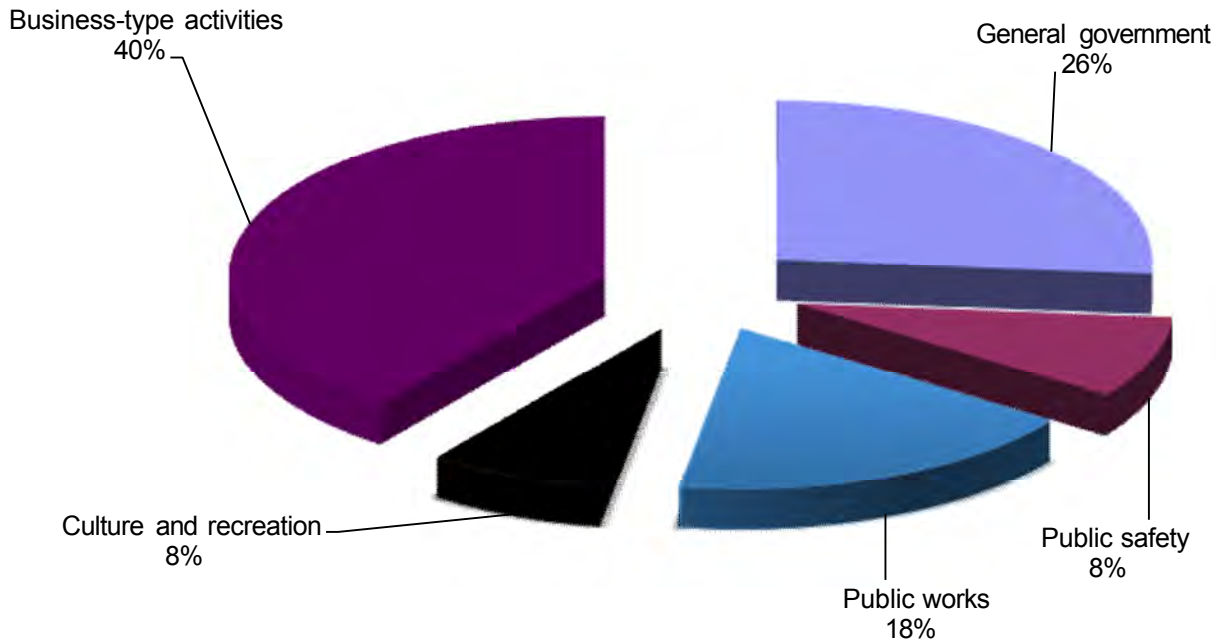
**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

For the Year Ended December 31, 2016

The Town's expenses are predominately related to business-type activities, public works and general government which are 40%, 18% and 26%. Public safety was 8% and the Town's culture and recreation activities accounted for the balance of 8%.

**Table 4  
Expenses for Fiscal Year 2016**



**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2016

**GOVERNMENTAL ACTIVITIES**

The primary sources of operating revenue for the Town come from charges for services, general property taxes, sales taxes and other revenues (primarily mineral leasing).

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

**Table 5**  
**Government Activities**  
**For the Year Ending December 31, 2016 and 2015**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General government	\$ 234,585	\$ 228,955	\$ 222,243	\$ 217,540
Public safety	74,243	95,765	67,671	83,406
Public works	159,280	126,539	128,645	95,954
Culture and recreation	67,172	59,552	43,040	37,024
Total	<u>\$ 535,280</u>	<u>\$ 510,811</u>	<u>\$ 461,599</u>	<u>\$ 433,924</u>

The cost of all governmental activities during the year was \$535,280.

- \$35,375 of the cost was financed by the users of the Town's programs.
- Federal and state government subsidized certain programs with grants and contributions of \$38,306.
- However, \$461,599 was financed by state and town taxpayers. The general revenues of \$563,993 were adequate to cover this. The general revenues consist of \$232,446 in Mineral Leasing payments, \$124,873 in property and specific ownership taxes, \$148,472 in sales taxes and \$58,202 in other general revenues.

**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2016

**BUSINESS-TYPE ACTIVITIES**

Business-type activities are made up of the Water Fund and the Sanitation Fund. These programs had revenues of \$294,557 and expenses of \$354,352.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

Information about the Town's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$637,674 and expenditures of \$526,531.

**General Fund Budgetary Highlights**

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

- Actual expenditures were \$318,269 less than budget in the General Fund, primarily because the Town budgets conservatively on expected revenues.

**CAPITAL ASSET ADMINISTRATION**

By the end of 2016, the Town has invested \$3,869,863 in land, buildings, and equipment (including vehicles), of this total \$333,589 was from governmental activities.

**Table 6**  
**Capital Assets at December 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total Town	
	2016	2015	2016	2015	2016	2015
Land	\$ 51,430	\$ 51,430	\$ 23,852	\$ 23,852	\$ 75,282	\$ 75,282
Buildings	69,648	69,648			69,648	69,648
Equipment/Facilities	212,511	212,511	3,512,422	3,512,422	3,724,933	3,724,933
<b>Total</b>	<b>\$ 333,589</b>	<b>\$ 333,589</b>	<b>\$ 3,536,274</b>	<b>\$ 3,536,274</b>	<b>\$ 3,869,863</b>	<b>\$ 3,869,863</b>

**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2016**

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 28 of this report.

***FACTORS BEARING ON THE TOWN'S FUTURE***

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

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

This financial report is designed to provide the Town's citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Dove Creek Administration Office, PO Box 508 Dove Creek, Colorado 81324.

**TOWN OF DOVE CREEK, COLORADO**

## Statement of Net Position

December 31, 2016

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash-unrestricted	\$ 2,547,595	\$ 1,015,705	\$ 3,563,300
Property tax receivable	124,584		124,584
Other receivables		28,894	28,894
Due from other funds	63,702		63,702
Due from other governments	19,947		19,947
Investments in water taps		3,917	3,917
Capital assets, net of depreciation	97,291	971,714	1,069,005
<b>Total Assets</b>	<u>2,853,119</u>	<u>2,020,230</u>	<u>4,873,349</u>
<b>Liabilities</b>			
Accounts payable	6,727	6,055	12,782
Accrued payroll tax liabilities	5,930		5,930
Due to other funds		63,702	63,702
<b>Total Liabilities</b>	<u>12,657</u>	<u>69,757</u>	<u>82,414</u>
<b>Deferred Inflow of Resources</b>			
Unearned tax revenue	<u>124,584</u>		<u>124,584</u>
<b>Net Position</b>			
Net investment in capital assets	97,291	971,714	1,069,005
Restricted			
TABOR	100,000		100,000
Unrestricted	2,518,587	978,759	3,497,346
<b>Total Net Position</b>	<u>\$ 2,715,878</u>	<u>\$ 1,950,473</u>	<u>\$ 4,666,351</u>

The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**  
Statement of Activities

For the Year Ended December 31, 2016

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 234,585	\$ 12,342		\$ (222,243)		\$ (222,243)
Public safety	74,243	6,572		(67,671)		(67,671)
Public works	159,280		\$ 30,635	(128,645)		(128,645)
Culture and recreation	67,172	16,461	7,671	(43,040)		(43,040)
<b>Total Governmental Activities</b>	<u>535,280</u>	<u>35,375</u>	<u>38,306</u>	<u>(461,599)</u>		<u>(461,599)</u>
<b>Business-Type Activities</b>						
Water	256,134	208,368			\$ (47,766)	(47,766)
Sanitation	98,218	84,717			(13,501)	(13,501)
<b>Total Business-Type Activities</b>	<u>354,352</u>	<u>293,085</u>			<u>(61,267)</u>	<u>(61,267)</u>
<b>Total Town</b>	<u>\$ 889,632</u>	<u>\$ 328,460</u>	<u>\$ 38,306</u>	<u>(461,599)</u>	<u>(61,267)</u>	<u>(522,866)</u>

**General Revenues**

Property tax	120,634		120,634
Specific Ownership tax	4,239		4,239
Sales and Use tax	148,472		148,472
Motor Vehicle License Fees	2,384		2,384
Franchise tax	40,722		40,722
Road and Bridge Fee	7,292		7,292
Intergovernmental			
Mineral Leasing	232,446		232,446
Severance Tax	6,588		6,588
Tobacco Products tax	1,216		1,216
Earnings on investments		1,472	1,472
<b>Total General Revenues</b>	<u>563,993</u>	<u>1,472</u>	<u>565,465</u>
<b>Change in Net Position</b>	102,394	(59,795)	42,599
Net Position Beginning of the Year	2,613,484	2,010,268	4,623,752
<b>Net Position End of the Year</b>	<u>\$ 2,715,878</u>	<u>\$ 1,950,473</u>	<u>\$ 4,666,351</u>

The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**

Balance Sheet  
Governmental Funds

December 31, 2016

	General Fund
<b>Assets</b>	
Cash-unrestricted	\$ 2,547,595
Property tax receivable	124,584
Due from other funds	63,702
Due from other governments	19,947
<b>Total Assets</b>	<b>\$ 2,755,828</b>
<b>Liabilities</b>	
Accounts payable	\$ 6,727
Accrued payroll tax liabilities	5,930
<b>Total Liabilities</b>	<b>12,657</b>
<b>Deferred Inflow of Resources</b>	
Unearned tax revenue	124,584
<b>Fund Balance</b>	
Restricted	
TABOR	100,000
Assigned	
Subsequent year's expenditures	2,518,587
<b>Total Fund Balance</b>	<b>2,618,587</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,755,828</b>

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

<b>Total Fund Balance Governmental Funds</b>	<b>\$ 2,618,587</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because

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

Capital assets	\$ 333,589	
Accumulated depreciation	(236,298)	
		97,291

<b>Total Net Position Governmental Activities</b>	<b>\$ 2,715,878</b>
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The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

For the Year Ended December 31, 2016

	General Fund
<b>Revenues</b>	
Taxes	\$ 323,743
Licenses and permits	1,430
Intergovernmental	278,556
Charges for services	7,161
Fines and forfeitures	6,572
Miscellaneous	20,212
<b>Total Revenues</b>	637,674
<b>Expenditures</b>	
General government	234,212
Public safety	74,243
Public works	152,668
Culture and recreation	65,408
<b>Total Expenditures</b>	526,531
<b>Excess revenues over (under) expenditures</b>	111,143
<b>Net Change in Fund Balances</b>	111,143
Fund Balances beginning of the year	2,507,444
<b>Fund Balances end of the year</b>	\$ 2,618,587
 <b>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities</b>	
<b>Net Change in Fund Balances Governmental Funds</b>	\$ 111,143
<p>Amounts reported for governmental activities in the Statement of Activities are different because Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	
Capital outlay	\$ -
Depreciation expense	(8,749)
	(8,749)
<b>Change in Net Position of Governmental Activities</b>	\$ 102,394

The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**

Statement of Net Position  
 Proprietary Fund Type - Enterprise Funds  
December 31, 2016

	Business-type Activities		
	Water	Sanitation	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 590,866	\$ 424,839	\$ 1,015,705
Receivables-net			
Accounts receivable	23,335	5,559	28,894
<b>Noncurrent Assets</b>			
Investments in Water Taps	3,917		3,917
Capital assets, net of depreciation	621,982	349,732	971,714
<b>Total Assets</b>	1,240,100	780,130	2,020,230
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	5,034	1,021	6,055
Due to other funds	31,851	31,851	63,702
<b>Total Liabilities</b>	36,885	32,872	69,757
<b>Net Position</b>			
Net investment in capital assets	621,982	349,732	971,714
Unrestricted	581,233	397,526	978,759
<b>Total Net Position</b>	\$ 1,203,215	\$ 747,258	\$ 1,950,473

The accompanying notes are an integral part of this statement

**TOWN OF DOVE CREEK, COLORADO**

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund Type - Enterprise Funds  
For the Year Ended December 31, 2016

	Business-type Activities		
	Water	Sanitation	Total
<b>Operating revenues</b>			
Water sales and sewer fees	\$ 185,672	\$ 79,843	\$ 265,515
Water sales - Celsius	14,050		14,050
Water dock	8,160		8,160
Miscellaneous revenue	486	4,874	5,360
<b>Total operating revenues</b>	<b>208,368</b>	<b>84,717</b>	<b>293,085</b>
<b>Operating expenses</b>			
Administration	4,945	1,035	5,980
Source of supply	38,341		38,341
Water and sewer treatment	137,495	75,612	213,107
Transmission and distribution	30,728		30,728
Depreciation	44,625	21,571	66,196
<b>Total operating expenses</b>	<b>256,134</b>	<b>98,218</b>	<b>354,352</b>
Operating income (loss)	(47,766)	(13,501)	(61,267)
<b>Non-operating revenues (expenses)</b>			
Interest revenue	367	1,105	1,472
<b>Total non-operating revenues (expenses)</b>	<b>367</b>	<b>1,105</b>	<b>1,472</b>
<b>Change in net position</b>	<b>(47,399)</b>	<b>(12,396)</b>	<b>(59,795)</b>
Net position beginning of the year	1,250,614	759,654	2,010,268
<b>Net position end of the year</b>	<b>\$ 1,203,215</b>	<b>\$ 747,258</b>	<b>\$ 1,950,473</b>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Cash Flows  
Proprietary Fund Type - Enterprise Funds

For the Year Ended December 31, 2016

	Business-type Activities		
	Water	Sanitation	Total
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 206,190	\$ 74,284	\$ 280,474
Cash received from miscellaneous income	486	4,874	5,360
Cash payments to employees for services	(25,388)	(12,700)	(38,088)
Cash payments to suppliers for goods and services	(179,968)	(52,443)	(232,411)
<b>Net Cash Flows provided (used) by Operating Activities</b>	<b>1,320</b>	<b>14,015</b>	<b>15,335</b>
<b>Cash Flows from Investing Activities</b>			
Interest Income	367	1,105	1,472
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,687</b>	<b>15,120</b>	<b>16,807</b>
Cash and Cash Equivalents - Beginning	589,179	409,719	998,898
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 590,866</b>	<b>\$ 424,839</b>	<b>\$ 1,015,705</b>
<b>Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities</b>			
Operating income (loss)	\$ (47,766)	\$ (13,501)	\$ (61,267)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	44,625	21,571	66,196
Changes in Assets and Liabilities			
(Increase) Decrease in			
Receivables	(1,692)	(5,559)	(7,251)
Increase (Decrease) in			
Accounts Payable	(310)	(7,647)	(7,957)
Due to Other Funds	6,463	19,151	25,614
<b>Net Cash provided (used) by Operating Activities</b>	<b>\$ 1,320</b>	<b>\$ 14,015</b>	<b>\$ 15,335</b>

The accompanying notes are an integral part of this statement.

# TOWN OF DOVE CREEK, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

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

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

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

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

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

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

# TOWN OF DOVE CREEK, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

**Proprietary Funds** – are used to account for business-type activities.

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

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

**Sanitation Fund** - accounts for the sanitation services provided by the Town.

### **Basis of Presentation**

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

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

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

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

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

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

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

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

**Revenues - Exchange and Non-Exchange Transactions**- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within thirty days of fiscal year-end. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 30 days after year-end, interest, and certain grants.

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

***Deferred Outflows/Inflows of Resources-*** arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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

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

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

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

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

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

Public hearings are conducted to obtain comments.

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

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

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

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

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

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

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

**TOWN OF DOVE CREEK, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars. As per GASB 34 the Town has elected to report infrastructure assets on a prospective basis. Therefore, infrastructure acquired before January 1, 2004 is not included in the financial statements.

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

Description	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Improvements	50 Years	N/A
Furniture and Equipment	10 Years	10-40 Years
Vehicles	5-8 Years	N/A

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

**Compensated absences** - Compensated absences arise from policies concerning vacation and personal leave. Town employees receive two weeks of vacation per year. Personal leave is granted at the rate of one week per year. Vacation and sick leave do not vest or accumulate with employees; that is, the employees have no right to be paid for any of these if not taken in the time indicated, or if they terminate. Under generally accepted accounting principals there is, therefore, no expense or liability included in the financial statements.

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

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

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

**Restricted** – Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the Town's TABOR reserve for emergencies.

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

**Unassigned** – All amounts not included in other spendable classifications.

When determining categories of fund balance, it is assumed that the type of expenditure determines the primary use of fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. Once the commitment or assignment is satisfied unassigned resources are used.

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

**Operating Revenues and Expenses**- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are sales related to water and sanitation services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

At December 31, 2016 the carrying amount of the Town’s deposits was \$3,563,300 and the bank balance was \$3,565,188. The Town’s bank balances at December 31, 2016 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town’s agent bank in the name of governmental accounts of which the Town is a part.

***Investments*** - At December 31, 2016 the Town had no investments other than \$3,917 invested in water taps within the Water Fund.

**TOWN OF DOVE CREEK, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

**Capital Assets** – Capital asset activity for the fiscal year ended December 31, 2016

Are as follows:

	<u>Capital Assets Jan 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets Dec 31, 2016</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	<u>\$ 51,430</u>			<u>\$ 51,430</u>
Capital assets, being depreciated				
Buildings and improvements	69,648			69,648
Equipment and vehicles	212,511			212,511
Total capital assets being depreciated	<u>282,159</u>			<u>282,159</u>
Less accumulated depreciation	(227,549)	\$ (8,749)		(236,298)
Total capital assets being depreciated, net	<u>54,610</u>	<u>(8,749)</u>		<u>45,861</u>
Total governmental activities, net	<u>\$ 106,040</u>	<u>\$ (8,749)</u>	<u>\$ -</u>	<u>\$ 97,291</u>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	<u>\$ 23,852</u>			<u>\$ 23,852</u>
Capital assets, being depreciated				
Buildings and improvements	472,567			472,567
Equipment and facilities	3,039,855			3,039,855
Total capital assets being depreciated	<u>3,512,422</u>			<u>3,512,422</u>
Less accumulated depreciation	(2,498,364)	\$ (66,196)		(2,564,560)
Total capital assets being depreciated, net	<u>1,014,058</u>	<u>(66,196)</u>		<u>947,862</u>
Total business-type activities, net	<u>\$1,037,910</u>	<u>\$ (66,196)</u>	<u>\$ -</u>	<u>\$ 971,714</u>

**TOWN OF DOVE CREEK, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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

Depreciation Expense	
General government	\$ 373
Public works	6,612
Culture and recreation	1,764
Total depreciation governmental activities	\$ 8,749

**Enterprise Funds Water Contract** – The Town has entered into a contract with the Bureau of Reclamation to purchase water through the year 2046. The contract called for payment of \$24,413 annually through 1996 then \$54,250 annually through 2046. In 1995 the Town assigned a portion of this contract to the Dolores Water Conservancy District, which changed the annual payment to \$25,317 for 1997, then \$30,426 annually through 2040, then diminishing through the final payment of \$1,191 in 2046.

**Interfund Receivables and Payables**- consist of the following:

	Due To	Due From
General Fund	\$ 63,702	
Sanitation Fund		\$ 31,851
Water Fund		31,851
Total	\$ 63,702	\$ 63,702

**Fund Balance Restrictions and Assignments** – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates the amounts that are designated for a specific purpose by the Town Board but are not spendable until appropriated. If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is the Town policy to use restricted amounts first. The Town uses the following restrictions and assignments.

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

Restricted – TABOR - indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$100,000 in the General Fund.

Assigned - Designated for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance designated for subsequent year's expenditures consists of \$2,518,587 in the General Fund.

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

**Tax Spending, Revenue and Debt Limitations**- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The people of the Town voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenues, including state grants and taxes, generated during 1998 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

**Risk Management** – The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town has purchased commercial insurance for such risks including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

**TOWN OF DOVE CREEK, COLORADO**

Required Supplementary Information

December 31, 2016

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

Such information includes:

Budgetary Comparison Schedules  
General Fund

TOWN OF DOVE CREEK, COLORADO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 119,708	\$ 119,708	\$ 120,634	\$ 926
Specific ownership	5,000	5,000	4,239	(761)
General sales and use	100,000	100,000	148,472	48,472
Motor vehicle registration	5,000	5,000	2,384	(2,616)
Franchise	35,000	35,000	40,722	5,722
Road and Bridge Fee	6,000	6,000	7,292	1,292
<b>Total taxes</b>	<b>270,708</b>	<b>270,708</b>	<b>323,743</b>	<b>53,035</b>
Licenses and permits				
Business licenses and permits	800	800	925	125
Nonbusiness licenses and permits	500	500	505	5
<b>Total licenses and permits</b>	<b>1,300</b>	<b>1,300</b>	<b>1,430</b>	<b>130</b>
Intergovernmental revenues				
Mineral leasing	1,000	1,000	232,446	231,446
Severance	5,000	5,000	6,588	1,588
Highway users	25,000	25,000	30,635	5,635
Tobacco product	700	700	1,216	516
Lottery funds	4,500	4,500	7,671	3,171
<b>Total intergovernmental revenues</b>	<b>36,200</b>	<b>36,200</b>	<b>278,556</b>	<b>238,669</b>
Charges for services - recreation	5,000	5,000	7,161	2,161
Fines and forfeitures	8,000	8,000	6,572	(1,428)
Miscellaneous revenues - recreation	1,750	1,750	9,300	7,550
Miscellaneous revenues	5,000	5,000	10,912	5,912
<b>Total revenues</b>	<b>327,958</b>	<b>327,958</b>	<b>637,674</b>	<b>306,029</b>
<b>Expenditures</b>				
General government				
Legislative	22,000	22,000	24,061	(2,061)
Judicial	5,000	5,000	3,671	1,329
Elections	2,000	2,000		2,000
Administrative				
Salary	111,000	111,000	112,520	(1,520)
Payroll taxes	11,000	11,000	8,592	2,408
Employee benefits	50,000	50,000	28,933	21,067
Office	16,000	16,000	13,643	2,357
Printing and publications	2,500	2,500	1,819	681
Utilities and telephone	8,000	8,000	3,475	4,525
Legal	5,000	5,000	4,780	220
Auditing	7,500	7,500	6,750	750
Outside services	5,000	5,000	1,280	3,720
Insurance	20,000	20,000	19,497	503
Miscellaneous	5,000	5,000	2,764	2,236
Treasurer's fees	5,500	5,500	2,427	3,073
<b>Total general government</b>	<b>275,500</b>	<b>275,500</b>	<b>234,212</b>	<b>41,288</b>

TOWN OF DOVE CREEK, COLORADO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Public safety				
Sherriff contract	\$ 85,000	\$ 85,000	\$ 61,160	\$ 23,840
Jail	1,500	1,500		1,500
Supplies	7,500	7,500	1,665	5,835
Animal control	15,000	15,000	11,418	3,582
Miscellaneous	1,500	1,500		1,500
<b>Total public safety</b>	<b>110,500</b>	<b>110,500</b>	<b>74,243</b>	<b>36,257</b>
Public works				
General labor	60,000	60,000	32,703	27,297
Payroll tax	4,000	4,000	2,634	1,366
Maintenance of condition	100,000	100,000	87,705	12,295
Snow and ice removal	2,500	2,500	3,278	(778)
Highway equipment	40,000	40,000	4,470	35,530
Repairs	10,000	10,000	4,737	5,263
Street lights	20,000	20,000	17,141	2,859
<b>Total public works</b>	<b>236,500</b>	<b>236,500</b>	<b>152,668</b>	<b>83,832</b>
Culture and recreation				
Contract services	32,000	32,000	25,160	6,840
Operating supplies	3,500	3,500	1,510	1,990
Community Center and Park	7,000	7,000	559	6,441
Utilities and telephone	8,000	8,000	7,253	747
Insurance	1,500	1,500	1,500	-
Office	1,000	1,000	1,381	(381)
Sports and education	15,000	15,000	11,614	3,386
Janitorial	1,000	1,000	829	171
Repairs	2,500	2,500	1,668	832
Capital Outlay	150,000	150,000	13,934	136,066
Miscellaneous	800	800		800
<b>Total Culture and recreation</b>	<b>222,300</b>	<b>222,300</b>	<b>65,408</b>	<b>156,892</b>
<b>Total expenditures</b>	<b>844,800</b>	<b>844,800</b>	<b>526,531</b>	<b>318,269</b>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(516,842)</b>	<b>(516,842)</b>	<b>111,143</b>	<b>(12,240)</b>
Fund balance, beginning of the year	2,468,116	2,468,116	2,507,444	39,328
<b>Fund balance, end of the year</b>	<b>\$ 1,951,274</b>	<b>\$ 1,951,274</b>	<b>\$ 2,618,587</b>	<b>\$ 667,313</b>

**TOWN OF DOVE CREEK, COLORADO**

Other Supplementary Information

December 31, 2016

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

These statements and schedules include:

Budgetary Comparison Schedule - Enterprise Fund-Water Fund

Budgetary Comparison Schedule - Enterprise Fund-Sanitation Fund

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

For the Year Ended December 31, 2016

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
<b>Operating Revenues</b>				
Water sales	\$ 180,000	\$ 180,000	\$ 185,672	\$ 5,672
Water sales-Celsius	14,050	14,050	14,050	-
Water dock	9,000	9,000	8,160	(840)
Miscellaneous revenue	400	400	486	86
<b>Total operating revenues</b>	203,450	203,450	208,368	4,918
<b>Operating Expenses</b>				
Administration				
Salaries	5,000	5,000		5,000
Payroll tax	1,500	1,500		1,500
Employee benefits	800	800		800
Office	3,900	3,900	4,249	(349)
Miscellaneous	1,000	1,000	696	304
<b>Total administration</b>	12,200	12,200	4,945	7,255
Source of supply				
Fuel and power	10,000	10,000	2,376	7,624
Repairs and maintenance	10,000	10,000		10,000
Water	33,000	33,000	29,948	3,052
O&M charges	8,000	8,000	6,017	1,983
Water dock	1,500	1,500		1,500
<b>Total source of supply</b>	62,500	62,500	38,341	24,159
Water treatment				
Salaries	30,000	30,000	29,521	479
Payroll tax	3,000	3,000	2,330	670
Employee benefits	36,000	36,000	43,867	(7,867)
Outside services	45,000	45,000	33,600	11,400
Operating supplies	10,000	10,000	12,049	(2,049)
Insurance	7,000	7,000	3,000	4,000
Repairs and maintenance	5,000	5,000	6,894	(1,894)
Miscellaneous	1,500	1,500	2,646	(1,146)
<b>Total water treatment</b>	137,500	137,500	133,907	3,593
Transmission and distribution				
Chemicals	17,000	17,000	15,332	1,668
Fuel and power	15,000	15,000	6,619	8,381
Outside services	2,000	2,000	5,777	(3,777)
Insurance	6,000	6,000	3,000	3,000
<b>Total transmission and distribution</b>	40,000	40,000	30,728	9,272

Continued

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

For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		(Non GAAP Basis)	Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Capital outlay	\$ 150,000	\$ 150,000	\$ 3,588	\$ 146,412
<b>Total Operating Expenses</b>	<u>402,200</u>	<u>402,200</u>	<u>211,509</u>	<u>190,691</u>
Operating income (loss)	<u>(198,750)</u>	<u>(198,750)</u>	<u>(3,141)</u>	<u>195,609</u>
<b>Non-Operating Revenue (Expenses)</b>				
Interest revenue	50	50	367	317
<b>Total Non-Operating Revenue</b>	<u>50</u>	<u>50</u>	<u>367</u>	<u>317</u>
Change in net assets non GAAP basis	(198,700)	(198,700)	(2,774)	195,926
Add capital outlay				-
Less depreciation expense			(44,625)	(44,625)
Change in net position	<u>(198,700)</u>	<u>(198,700)</u>	<u>(47,399)</u>	<u>151,301</u>
Net position beginning of the year	595,845	595,845	1,250,614	654,769
<b>Net position end of the year</b>	<u>\$ 397,145</u>	<u>\$ 397,145</u>	<u>\$ 1,203,215</u>	<u>\$ 806,070</u>

**TOWN OF DOVE CREEK, COLORADO**  
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual  
Proprietary Fund Type - Enterprise Fund  
Sanitation Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		(Non GAAP Basis) Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Operating Revenues</b>				
Sewer fees	\$ 65,000	\$ 65,000	\$ 79,843	\$ 14,843
Miscellaneous revenue	1,500	1,500	4,874	3,374
<b>Total operating revenues</b>	66,500	66,500	84,717	18,217
<b>Operating Expenses</b>				
Administration				
Salaries	8,500	8,500		8,500
Payroll tax	700	700		700
Office	600	600	1,035	(435)
Miscellaneous	500	500		500
<b>Total administration</b>	10,300	10,300	1,035	9,265
Sewer treatment				
Salaries	40,000	40,000	29,521	10,479
Payroll tax	5,000	5,000	2,330	2,670
Operating supplies	1,500	1,500	627	873
Chemicals	9,000	9,000	7,656	1,344
Fuel and power	15,000	15,000	10,050	4,950
Outside services	8,000	8,000	3,371	4,629
Repairs and maintenance	5,000	5,000	8,248	(3,248)
Insurance	4,000	4,000	2,500	1,500
Miscellaneous	2,500	2,500	1,245	1,255
<b>Total sewer treatment</b>	90,000	90,000	65,548	24,452
Capital outlay	20,000	20,000	10,064	9,936
<b>Total Operating Expenses</b>	120,300	120,300	76,647	43,653
Operating income (loss)	(53,800)	(53,800)	8,070	61,870
<b>Non-Operating Revenue (Expenses)</b>				
Interest revenue	500	500	1,105	605
<b>Total Non-Operating Revenue</b>	500	500	1,105	605
Change in net position non GAAP basis	(53,300)	(53,300)	9,175	62,475
Add capital outlay				-
Less depreciation expense			(21,571)	(21,571)
Change in net position	(53,300)	(53,300)	(12,396)	40,904
Net position beginning of the year	380,492	380,492	759,654	379,162
<b>Net position end of the year</b>	\$ 327,192	\$ 327,192	\$ 747,258	\$ 420,066

## INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>Town of Dove Creek Colorado</b>
	YEAR ENDING : December 31, 2016
This Information From The Records Of (example - City of _ or County of <b>Town of Dove Creek Colorado</b> )	Prepared By: Phone: <b>Majors and Haley PC 970-565-9521</b>

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	132,249
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,141
2. General fund appropriations		b. Snow and ice removal	3,278
3. Other local imposts (from page 2)	119,649	c. Other -	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	20,419
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	152,668
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	119,649	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	33,019	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	152,668	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	152,668

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		152,668	152,668		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 31, 2016

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	108,118	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,292	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,239	g. Other Misc. Receipts	
6. Total (1. through 5.)	119,649	h. Other	
c. Total (a. + b.)	119,649	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	30,635	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	2,384	d. Federal Transit Admin	
d. Other (Specify) <b>Severance Tax</b>		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,384	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	33,019	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

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

**Notes and Comments:**