

TOWN OF DOVE CREEK, COLORADO

Independent Accountants' Reports
And
Basic Financial Statements

December 31, 2018

TOWN OF DOVE CREEK, COLORADO

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, 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.

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 information required by oversight authorities 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 for the Water Fund and Sanitation fund 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
June 5, 2019

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

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, 2018. 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 decreased \$7,386 as a result of this year's operations.
 - Net position of governmental activities increased \$60,576, which represents a 2.2% increase.
 - Net position of business type activities decreased \$67,962 or 3.6%.
- The Town's total revenue was \$922,905 which is an increase of \$45,713 from \$877,192 in the prior year. This increase is, for the most part, due to grants used in the recreation department of \$54,899.
 - General revenues accounted for \$499,554 in revenue or 54.1% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$423,351 or the remaining 45.9%.
- The Town incurred \$930,291 in expenses which is a \$143,470 increase from \$786,821 in the prior year.
 - The general revenues of \$499,554 were not adequate by \$7,386 to cover the expenditures that were not offset by program specific revenues.
- The General Fund reported a \$22,570 increase in fund balance from \$2,766,391 to \$2,788,961. This is a .8% increase.
- The business type activities decrease in net position of \$67,962 consisted of a decrease in the Water Fund of \$65,053 and a decrease in the Sanitation Fund of \$2,909. Depreciation included was \$40,539 in the Water Fund and \$21,555 in the Sanitation Fund.

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

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, 2018

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. The Town's General Fund is included here.
- **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 can establish 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, 2018

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total Town's assets increased by \$94,488. The current assets increased \$118,576. The net capital assets decreased \$24,088. The Town's liabilities increased by \$103,539.

The Town's combined net position was smaller on December 31, 2018 than it was at December 31, 2017, decreasing by .2% to \$4,749,336. The net position of governmental activities increased \$60,576, which grew to \$2,915,509. The net position of the Town's business type activities decreased \$67,962 to \$1,833,827.

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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Town	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 2,955,030	\$ 2,900,933	\$ 1,135,182	\$ 1,070,703	\$ 4,090,212	\$ 3,971,636
Capital assets	126,548	88,542	843,424	905,518	969,972	994,060
Total assets	3,081,578	2,989,475	1,978,606	1,976,221	5,060,184	4,965,696
Liabilities	45,849	12,657	144,779	74,432	190,628	87,089
Unearned Inflow of Resources	120,220	124,584			120,220	124,584
Net Position						
Net Invested in capital assets	126,548	88,542	843,424	905,518	969,972	994,060
Restricted - TABOR	100,000	100,000			100,000	100,000
Unrestricted	2,688,961	2,666,391	990,403	996,271	3,679,364	3,662,662
Total net position	\$ 2,915,509	\$ 2,854,933	\$ 1,833,827	\$ 1,901,789	\$ 4,749,336	\$ 4,756,722

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2018

Table 2
Comparative Summary Changes in Net Position
For the Year Ending December 31, 2018 and 2017

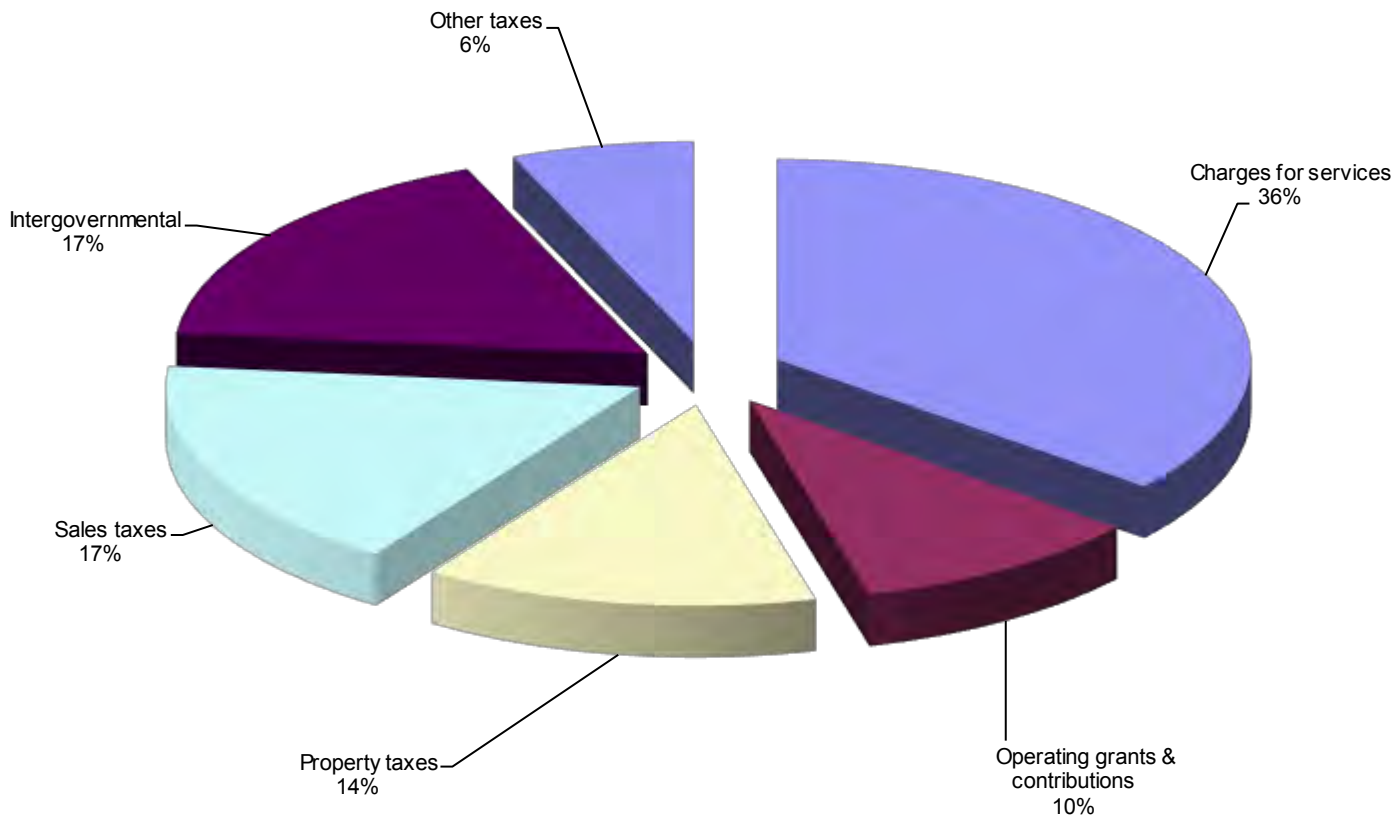
	Governmental Activities		Business-type Activities		Total Town	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 37,610	\$ 41,603	\$ 293,326	\$ 290,370	\$ 330,936	\$ 331,973
Operating grants & contributions	92,415	44,713			92,415	44,713
General revenues						
Property taxes	123,934	125,364			123,934	125,364
Sales taxes	159,225	147,440			159,225	147,440
Other	215,147	226,407	1,248	1,295	216,395	227,702
Total revenues	628,331	585,527	294,574	291,665	922,905	877,192
Expenses						
General government	286,290	220,190			286,290	220,190
Public safety	109,993	97,294			109,993	97,294
Public works	99,511	66,914	362,536	340,349	462,047	407,263
Culture and recreation	71,961	62,074			71,961	62,074
Total expenses	567,755	446,472	362,536	340,349	930,291	786,821
Increase (decrease) in net position	\$ 60,576	\$ 139,055	\$ (67,962)	\$ (48,684)	\$ (7,386)	\$ 90,371

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

Intergovernmental revenues accounted for 17% of the Town's total revenues. Another 31% came from property and sales taxes; 36% from charges for services; 6% from miscellaneous tax revenue and the remaining 10% came from operating and capital grants and other revenue.

Table 3
Sources of Revenue for Fiscal Year 2018

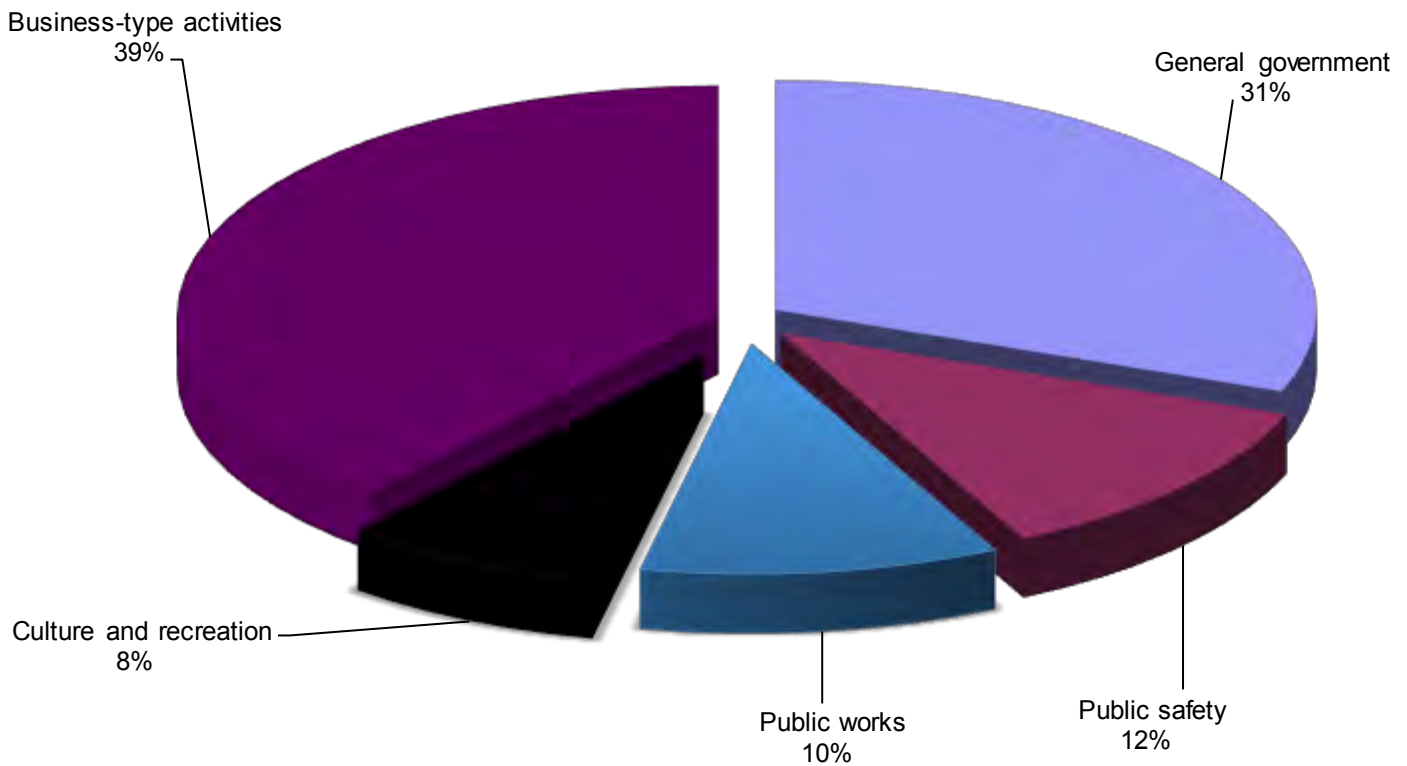


TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

The Town's expenses are predominately related to business-type activities, public safety and general government which are 39%, 12% and 31%. Public works was 10% and the Town's culture and recreation activities accounted for the balance of 8%.

Table 4
Expenses for Fiscal Year 2018



TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

GOVERNMENTAL ACTIVITIES

The primary sources of operating revenue for the Town governmental activities come from 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, 2018 and 2017

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 286,290	\$ 220,190	\$ 273,637	\$ 204,417
Public safety	109,993	97,294	98,293	88,713
Public works	99,511	66,914	61,995	35,798
Culture and recreation	71,961	62,074	3,805	31,228
Total	<u>\$ 567,755</u>	<u>\$ 446,472</u>	<u>\$ 437,730</u>	<u>\$ 360,156</u>

The cost of all governmental activities during the year was \$567,755.

- \$37,610 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 \$92,415.
- However, \$498,306 was financed by state and town taxpayers. The general revenues of \$498,306 were not adequate to cover this. The general revenues consist of \$147,606 in Mineral Leasing payments, \$129,040 in property and specific ownership taxes, \$159,225 in sales taxes and \$62,435 in other general revenues.

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2018

BUSINESS-TYPE ACTIVITIES

Business-type activities are made up of the Water Fund and the Sanitation Fund. These programs had revenues of \$294,574 and expenses of \$362,536.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major governmental fund (the Town only has the General Fund) starts on page 15. This fund is accounted for using the modified accrual basis of accounting. All General Fund had revenues of \$628,331 and expenditures of \$570,761.

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 \$309,039 less than budget in the General Fund, primarily because the Town budgets conservatively on expected revenues.

CAPITAL ASSET ADMINISTRATION

By the end of 2018, the Town has invested \$3,916,618 in land, buildings, and equipment (including vehicles), of this total \$380,344 was from governmental activities.

Table 6
Capital Assets at December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total Town	
	2018	2017	2018	2017	2018	2017
Land	\$ 98,185	\$ 51,430	\$ 23,852	\$ 23,852	\$ 122,037	\$ 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
Total	\$ 380,344	\$ 333,589	\$ 3,536,274	\$ 3,536,274	\$ 3,916,618	\$ 3,869,863

TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2018**

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

FACTORS BEARING ON THE TOWN'S FUTURE

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF DOVE CREEK, COLORADO

Statement of Net Position

December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash-unrestricted	\$ 2,643,171	\$ 1,110,617	\$ 3,753,788
Property tax receivable	120,220		120,220
Other receivables		20,648	20,648
Due from other funds	129,965		129,965
Due from other governments	61,674		61,674
Investments in water taps		3,917	3,917
Capital assets, net of depreciation	126,548	843,424	969,972
Total Assets	<u>3,081,578</u>	<u>1,978,606</u>	<u>5,060,184</u>
Liabilities			
Accounts payable	40,928	14,814	55,742
Accrued payroll tax liabilities	4,921		4,921
Due to other funds		129,965	129,965
Total Liabilities	<u>45,849</u>	<u>144,779</u>	<u>190,628</u>
Deferred Inflow of Resources			
Unearned tax revenue	<u>120,220</u>		<u>120,220</u>
Net Position			
Net investment in capital assets	126,548	843,424	969,972
Restricted			
TABOR	100,000		100,000
Unrestricted	2,688,961	990,403	3,679,364
Total Net Position	<u>\$ 2,915,509</u>	<u>\$ 1,833,827</u>	<u>\$ 4,749,336</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, 2018

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities						
General government	\$ 286,290	\$ 12,653		\$ (273,637)		\$ (273,637)
Public safety	109,993	11,700		(98,293)		(98,293)
Public works	99,511		\$ 37,516	(61,995)		(61,995)
Culture and recreation	71,961	13,257	54,899	(3,805)		(3,805)
Total Governmental Activities	<u>567,755</u>	<u>37,610</u>	<u>92,415</u>	<u>(437,730)</u>		<u>(437,730)</u>
Business-Type Activities						
Water	278,602	213,234			\$ (65,368)	(65,368)
Sanitation	83,934	80,092			(3,842)	(3,842)
Total Business-Type Activities	<u>362,536</u>	<u>293,326</u>			<u>(69,210)</u>	<u>(69,210)</u>
Total Town	<u>\$ 930,291</u>	<u>\$ 330,936</u>	<u>\$ 92,415</u>	<u>(437,730)</u>	<u>(69,210)</u>	<u>(506,940)</u>

General Revenues

Property tax	123,934		123,934
Specific Ownership tax	5,106		5,106
Sales and Use tax	159,225		159,225
Motor Vehicle License Fees	2,362		2,362
Franchise tax	42,398		42,398
Road and Bridge Fee	7,512		7,512
Intergovernmental			
Mineral Leasing	147,606		147,606
Severance Tax	9,405		9,405
Tobacco Products tax	758		758
Earnings on investments		1,248	1,248
Total General Revenues	<u>498,306</u>	<u>1,248</u>	<u>499,554</u>
Change in Net Position	60,576	(67,962)	(7,386)
Net Position Beginning of the Year	2,854,933	1,901,789	4,756,722
Net Position End of the Year	<u>\$ 2,915,509</u>	<u>\$ 1,833,827</u>	<u>\$ 4,749,336</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Balance Sheet
Governmental Fund

December 31, 2018

		General Fund
Assets		
Cash-unrestricted	\$	2,643,171
Property tax receivable		120,220
Due from other funds		129,965
Due from other governments		61,674
Total Assets	\$	2,955,030
Liabilities		
Accounts payable	\$	40,928
Accrued payroll tax liabilities		4,921
Total Liabilities		45,849
Deferred Inflow of Resources		
Unearned tax revenue		120,220
Fund Balance		
Restricted		
TABOR		100,000
Assigned		
Subsequent year's expenditures		2,688,961
Total Fund Balance		2,788,961
Total Liabilities and Fund Balance	\$	2,955,030
Reconciliation of the Governmental Fund Balance Sheet with the Statement of Net Position		
Total Fund Balance Governmental Fund	\$	2,788,961
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	\$	380,344
Accumulated depreciation		(253,796)
		126,548
Total Net Position Governmental Activities	\$	2,915,509

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund

For the Year Ended December 31, 2018

		General Fund
Revenues		
Taxes	\$	340,537
Licenses and permits		1,393
Intergovernmental		250,184
Charges for services		8,111
Fines and forfeitures		11,700
Miscellaneous		16,406
Total Revenues		628,331
Expenditures		
General government		285,917
Public safety		109,993
Public works		92,899
Culture and recreation		116,952
Total Expenditures		605,761
Excess revenues over (under) expenditures		22,570
Net Change in Fund Balances		22,570
Fund Balances beginning of the year		2,766,391
Fund Balances end of the year		\$ 2,788,961
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities		
Net Change in Fund Balances Governmental Fund	\$	22,570
Amounts reported for governmental activities in the Statement of Activities are different because Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	\$	46,755
Depreciation expense		(8,749)
		38,006
Change in Net Position of Governmental Activities		\$ 60,576

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Net Position
 Proprietary Fund Types - Enterprise Funds
December 31, 2018

	Business-type Activities		
	Water	Sanitation	Total
Assets			
Current Assets			
Cash	\$ 615,614	\$ 495,003	\$ 1,110,617
Receivables-net			
Accounts receivable	14,710	5,938	20,648
Noncurrent Assets			
Investments in Water Taps	3,917		3,917
Capital assets, net of depreciation	536,818	306,606	843,424
Total Assets	1,171,059	807,547	1,978,606
Liabilities			
Current Liabilities			
Accounts payable	13,811	1,003	14,814
Due to other funds	64,668	65,297	129,965
Total Liabilities	78,479	66,300	144,779
Net Position			
Net investment in capital assets	536,818	306,606	843,424
Unrestricted	555,762	434,641	990,403
Total Net Position	\$ 1,092,580	\$ 741,247	\$ 1,833,827

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 Types - Enterprise Funds
For the Year Ended December 31, 2018

	Business-type Activities		
	Water	Sanitation	Total
Operating revenues			
Water sales and sewer fees	\$ 189,047	\$ 73,750	\$ 262,797
Water sales - Celsius	14,050		14,050
Water dock	8,954		8,954
Miscellaneous revenue	1,183	6,342	7,525
Total operating revenues	<u>213,234</u>	<u>80,092</u>	<u>293,326</u>
Operating expenses			
Administration	5,298	1,036	6,334
Source of supply	36,964		36,964
Water and sewer treatment	165,537	61,343	226,880
Transmission and distribution	30,264		30,264
Depreciation	40,539	21,555	62,094
Total operating expenses	<u>278,602</u>	<u>83,934</u>	<u>362,536</u>
Operating income (loss)	<u>(65,368)</u>	<u>(3,842)</u>	<u>(69,210)</u>
Non-operating revenues (expenses)			
Interest revenue	315	933	1,248
Total non-operating revenues (expenses)	<u>315</u>	<u>933</u>	<u>1,248</u>
Change in net position	<u>(65,053)</u>	<u>(2,909)</u>	<u>(67,962)</u>
Net position beginning of the year	1,157,633	744,156	1,901,789
Net position end of the year	<u>\$ 1,092,580</u>	<u>\$ 741,247</u>	<u>\$ 1,833,827</u>

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, 2018

	Business-type Activities		
	Water	Sanitation	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 211,677	\$ 73,964	\$ 285,641
Cash received from miscellaneous income	1,183	6,342	7,525
Cash payments to employees for services	-	-	-
Cash payments to suppliers for goods and services	(196,854)	(33,241)	(230,095)
Net Cash Flows provided (used) by Operating Activities	16,006	47,065	63,071
Cash Flows from Investing Activities			
Interest Income	315	933	1,248
Net Increase (Decrease) in Cash and Cash Equivalents	16,321	47,998	64,319
Cash and Cash Equivalents - Beginning	599,293	447,005	1,046,298
Cash and Cash Equivalents - Ending	\$ 615,614	\$ 495,003	\$ 1,110,617
 Reconciliation of operating income (loss) to Net Cash provided (used) by			
Operating Activities			
Operating income (loss)	\$ (65,368)	\$ (3,842)	\$ (69,210)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	40,539	21,555	62,094
Changes in Assets and Liabilities			
(Increase) Decrease in			
Receivables	(374)	214	(160)
Increase (Decrease) in			
Accounts Payable	8,291	(3,780)	4,511
Due to Other Funds	32,918	32,918	65,836
Net Cash provided (used) by Operating Activities	\$ 16,006	\$ 47,065	\$ 63,071

The accompanying notes are an integral part of this statement.

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, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 123,186	\$ 123,186	\$ 123,934	\$ 748
Specific ownership	4,000	4,000	5,106	1,106
General sales and use	100,000	100,000	159,225	59,225
Motor vehicle registration	1,800	1,800	2,362	562
Franchise	35,000	35,000	42,398	7,398
Road and Bridge Fee	6,000	6,000	7,512	1,512
Total taxes	269,986	269,986	340,537	70,551
Licenses and permits				
Business licenses and permits	500	500	673	173
Nonbusiness licenses and permits	500	500	720	220
Total licenses and permits	1,000	1,000	1,393	393
Intergovernmental revenues				
Mineral leasing	1,000	1,000	147,606	146,606
Severance	4,000	4,000	9,405	5,405
Highway users	25,000	25,000	37,516	12,516
Tobacco product	700	700	758	58
Lottery funds	4,500	4,500	7,800	3,300
Grant			47,099	47,099
Total intergovernmental revenues	35,200	35,200	250,184	164,527
Charges for services - recreation	4,000	4,000	8,111	4,111
Fines and forfeitures	8,000	8,000	11,700	3,700
Miscellaneous revenues - recreation	5,000	5,000	5,146	146
Miscellaneous revenues	5,000	5,000	11,260	6,260
Total revenues	328,186	328,186	628,331	249,688

Continued

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, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Legislative	\$ 22,000	\$ 22,000	\$ 12,913	\$ 9,087
Judicial	5,000	5,000	3,963	1,037
Elections	2,000	2,000	750	1,250
Administrative				
Salary	124,000	124,000	120,616	3,384
Payroll taxes	11,000	11,000	9,244	1,756
Employee benefits	55,000	55,000	34,937	20,063
Office	16,000	16,000	16,756	(756)
Printing and publications	3,000	3,000	1,485	1,515
Utilities and telephone	6,500	6,500	3,832	2,668
Legal	7,000	7,000	14,124	(7,124)
Auditing	7,500	7,500	6,800	700
Outside services	4,000	4,000	1,290	2,710
Insurance	22,000	22,000	19,128	2,872
Miscellaneous	5,000	5,000	37,584	(32,584)
Treasurer's fees	5,500	5,500	2,495	3,005
Total general government	295,500	295,500	285,917	9,583
Public safety				
Sherriff contract	130,000	130,000	97,606	32,394
Jail	1,500	1,500		1,500
Supplies	7,500	7,500	1,106	6,394
Animal control	15,000	15,000	11,243	3,757
Miscellaneous	2,500	2,500	38	2,462
Total public safety	156,500	156,500	109,993	46,507
Public works				
General labor	60,000	60,000	26,149	33,851
Payroll tax	4,000	4,000	2,067	1,933
Maintenance of condition	100,000	100,000	38,268	61,732
Snow and ice removal	4,000	4,000	461	3,539
Highway equipment	40,000	40,000	5,269	34,731
Repairs	10,000	10,000	3,273	6,727
Street lights	20,000	20,000	17,412	2,588
Total public works	238,000	238,000	92,899	145,101

Continued

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, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Culture and recreation				
Contract services	\$ 32,000	\$ 32,000	\$ 27,760	\$ 4,240
Operating supplies	3,500	3,500	2,854	646
Community Center and Park	9,000	9,000	410	8,590
Utilities and telephone	8,000	8,000	7,073	927
Insurance	2,000	2,000	2,000	-
Office	1,000	1,000	803	197
Sports and education	15,000	15,000	15,885	(885)
Janitorial	1,000	1,000	536	464
Repairs	2,500	2,500	11,915	(9,415)
Capital Outlay	150,000	150,000	46,755	103,245
Miscellaneous	800	800	961	(161)
Total Culture and recreation	224,800	224,800	116,952	107,848
Total expenditures	914,800	914,800	605,761	309,039
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(586,614)	(586,614)	22,570	(59,351)
Fund balance, beginning of the year	2,665,549	2,665,549	2,766,391	100,842
Fund balance, end of the year	\$ 2,078,935	\$ 2,078,935	\$ 2,788,961	\$ 710,026

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Summary of Significant Accounting Policies - The Town of Dove Creek, Colorado's (the Town) financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. 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.

Town board members are elected by the citizens of the Town, not appointed by any other governing body. The Board selects the Town Manager. The Board is solely responsible for the Town's budget adoption process. The Town has the authority to levy taxes and issue debt. The Town meets the criteria of a primary government; its' board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The Town is not included in any other government reporting entity. In addition, there are no component units as defined the GASB Statements 14, 39 and 61, which are included in the Town's reporting entity.

Government-wide and Fund Financial Statement Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) display information on all the non-fiduciary activities of the primary government. The effect of Interfund activities has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are supported by taxes and intergovernmental revenues. Business-type activities are financed, to a significant extent, by fees and charges.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fees and charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The accounts of the Town are organized based on funds, each of which is considered a separate accounting entity. Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds represent the Town's most important funds and are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major funds. The Town has no non-major funds.

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 proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenue in the year for which they become enforceable. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has generally been eliminated from the government-wide financial statements. Exceptions to this are charges between the Town's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Funds are used to account for the Town's general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Those revenues subject to accrual are property taxes, charges for services and expended grants associated with the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The accounts of the Town are organized and operated based on funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the Town is consistent with legal and managerial requirements.

The following is the Town's only major governmental fund.

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 distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods relating to a proprietary fund's principal ongoing operations. The principal revenues of the Town's enterprise funds are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Funds it is considered to be cash on hand, demand deposits, and the highly liquid investments with a maturity of six months or less.

Capital Assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of \$10,000 for major outlays for buildings and improvements. As per GASB 34 the Town

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

has elected to report infrastructure assets on a prospective basis. Therefore, infrastructure acquired before January 1, 2004 is not included in the financial statements.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized.

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

Deferred Outflows/Inflows of Resources- arises when potential revenue or expense 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.

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 principles there is, therefore, no expense or liability included in the financial statements.

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.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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

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

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the Town's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, revenues and expenditures (expenses). Actual results could differ from those estimates and assumptions used.

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 or enforceable until the following year.

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

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

Prior to October 15, the Town Clerk 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.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

The Town Clerk is 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.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net Position should be displayed in the following three components:

- Net investment in capital assets represents capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction or improvement of those assets.
- Restricted consists of restricted assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted consists of the net amounts of assets, deferred outflows and inflows or resources and liabilities that are not included in the determination of net investment in capital assets or the restricted components of the net position.

Governmental Fund Balances – The fund balances of the governmental funds are reported in classifications based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent as follows:

- Nonspendable fund balance represents assets that cannot be spent because of their form or legally or contractually must be maintained intact.
- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.
- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Town Board, the Town's highest level of

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Town Board.

- Assigned fund balance displays the Town's intended use of these resources. The assigned fund balance amounts are assigned by the Town Board per the Town policy.
- Unassigned fund balance represents resources with residual net resources.

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.

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, 2018 the carrying amount of the Town's deposits was \$3,753,788 and the bank balance was \$3,766,939. The Town's bank balances at December 31, 2018 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, 2018 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, 2018

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2018

Are as follows:

	<u>Capital Assets Jan 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets Dec 31, 2018</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	<u>\$ 51,430</u>	<u>\$ 46,755</u>		<u>\$ 98,185</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	(245,047)	(8,749)		(253,796)
Total capital assets being depreciated, net	<u>37,112</u>	<u>(8,749)</u>		<u>28,363</u>
Total governmental activities, net	<u>\$ 88,542</u>	<u>\$ 38,006</u>	<u>\$ -</u>	<u>\$ 126,548</u>
Business-Type Activities				
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	(2,630,756)	\$ (62,094)		(2,692,850)
Total capital assets being depreciated, net	<u>881,666</u>	<u>(62,094)</u>		<u>819,572</u>
Total business-type activities, net	<u>\$ 905,518</u>	<u>\$ (62,094)</u>	<u>\$ -</u>	<u>\$ 843,424</u>

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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	\$ 129,965	
Water Fund		\$ 64,668
Sanitation Fund		65,297
Total	\$ 129,965	\$ 129,965

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, 2018

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 \$2,688,961 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

Other Supplementary Information

December 31, 2018

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, 2018

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Water sales	\$ 180,000	\$ 180,000	\$ 189,047	\$ 9,047
Water sales-Celsius	14,050	14,050	14,050	-
Water dock	9,000	9,000	8,954	(46)
Miscellaneous revenue	400	400	1,183	783
Total operating revenues	203,450	203,450	213,234	9,784
Operating Expenses				
Administration				
Salaries	5,000	5,000		5,000
Payroll tax	1,500	1,500		1,500
Employee benefits	800	800		800
Office	4,000	4,000	4,464	(464)
Miscellaneous	1,000	1,000	834	166
Total administration	12,300	12,300	5,298	7,002
Source of supply				
Fuel and power	6,000	6,000	1,410	4,590
Repairs and maintenance	10,000	10,000		10,000
Water	35,000	35,000	29,948	5,052
O&M charges	8,000	8,000	5,606	2,394
Water dock	1,500	1,500		1,500
Total source of supply	60,500	60,500	36,964	23,536
Water treatment				
Salaries	30,000	30,000	30,507	(507)
Payroll tax	3,000	3,000	2,411	589
Employee benefits	36,000	36,000	46,326	(10,326)
Outside services	45,000	45,000	67,988	(22,988)
Operating supplies	15,000	15,000	9,303	5,697
Insurance	7,000	7,000	4,000	3,000
Repairs and maintenance	5,500	5,500	3,858	1,642
Miscellaneous	3,000	3,000	1,144	1,856
Total water treatment	144,500	144,500	165,537	(21,037)
Transmission and distribution				
Chemicals	17,000	17,000	19,387	(2,387)
Fuel and power	12,000	12,000	7,546	4,454
Outside services	2,000	2,000	331	1,669
Insurance	6,000	6,000	3,000	3,000
Total transmission and distribution	37,000	37,000	30,264	6,736

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, 2018

	Budgeted Amounts		(Non GAAP Basis) Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Capital outlay	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
Total Operating Expenses	404,300	404,300	238,063	166,237
Operating income (loss)	(200,850)	(200,850)	(24,829)	176,021
Non-Operating Revenue (Expenses)				
Interest revenue	50	50	315	265
Total Non-Operating Revenue	50	50	315	265
Change in net assets non GAAP basis	(200,800)	(200,800)	(24,514)	176,286
Add capital outlay				-
Less depreciation expense			(40,539)	(40,539)
Change in net position	(200,800)	(200,800)	(65,053)	135,747
Net position beginning of the year	592,809	592,809	1,157,633	564,824
Net position end of the year	\$ 392,009	\$ 392,009	\$ 1,092,580	\$ 700,571

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, 2018

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Sewer fees	\$ 65,000	\$ 65,000	\$ 73,750	\$ 8,750
Miscellaneous revenue	5,000	5,000	6,342	1,342
Total operating revenues	70,000	70,000	80,092	10,092
Operating Expenses				
Administration				
Salaries	8,500	8,500		8,500
Payroll tax	700	700		700
Office	800	800	1,036	(236)
Miscellaneous	500	500		500
Total administration	10,500	10,500	1,036	9,464
Sewer treatment				
Salaries	40,000	40,000	30,507	9,493
Payroll tax	3,000	3,000	2,410	590
Operating supplies	2,500	2,500	195	2,305
Chemicals	9,000	9,000	8,423	577
Fuel and power	15,000	15,000	10,761	4,239
Outside services	8,000	8,000	2,936	5,064
Repairs and maintenance	5,000	5,000	1,592	3,408
Insurance	4,000	4,000	3,000	1,000
Miscellaneous	2,000	2,000	1,519	481
Total sewer treatment	88,500	88,500	61,343	27,157
Capital outlay	20,000	20,000		20,000
Total Operating Expenses	119,000	119,000	62,379	56,621
Operating income (loss)	(49,000)	(49,000)	17,713	66,713
Non-Operating Revenue (Expenses)				
Interest revenue	500	500	933	433
Total Non-Operating Revenue	500	500	933	433
Change in net position non GAAP basis	(48,500)	(48,500)	18,646	67,146
Add capital outlay				-
Less depreciation expense			(21,555)	(21,555)
Change in net position	(48,500)	(48,500)	(2,909)	45,591
Net position beginning of the year	415,559	415,559	744,156	328,597
Net position end of the year	\$ 367,059	\$ 367,059	\$ 741,247	\$ 374,188

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Dove Creek Colorado
YEAR ENDING :
December 31, 2018

This Information From The Records Of
Town of Dove Creek Colorado

Prepared By:
Phone: **Majors and Haley PC**
970-565-9521

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	75,026
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,412
2. General fund appropriations		b. Snow and ice removal	461
3. Other local imposts (from page 2)	53,021	c. Other -	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	17,873
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)	92,899
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	53,021	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	39,878	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	92,899	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	92,899

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		92,899	92,899		0

Notes and Comments:

