

CITY OF CREEDE, COLORADO

FINANCIAL STATEMENTS

December 31, 2019



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

CITY OF CREEDE, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Honorable Mayor and Board of Trustees
City of Creede, Colorado
Creede, Colorado

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 City of Creede, Colorado, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 City of Creede, Colorado as of December 31, 2019, 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.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Emphasis of Matter

As discussed in Note 16, general fund accounts receivable was overstated in the prior year. Beginning net position and fund balance have been restated in the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund financial schedules, Local Highway Finance Report, and nonmajor fund budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules and 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 combining and individual fund financial schedules and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

August 27, 2020

CITY OF CREEDE, COLORADO
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Investments	\$ 1,840,878	\$ 345,441	\$ 2,186,319
Restricted Cash and Investments	4,807,965	198,754	5,006,719
Property Taxes Receivable	109,295	-	109,295
Accounts Receivable	14,842	38,487	53,329
Due from Other Governments	10,528	-	10,528
Internal Balances	57,509	(57,509)	-
Total Current Assets	<u>6,841,017</u>	<u>525,173</u>	<u>7,366,190</u>
Noncurrent Assets			
Capital Assets			
Land	109,898	32,457	142,355
Buildings	807,293	4,383,354	5,190,647
Equipment	113,498	123,015	236,513
Vehicles	79,473	-	79,473
Infrastructure	2,476,062	-	2,476,062
Less: Accumulated Depreciation	(710,645)	(2,302,591)	(3,013,236)
Total Noncurrent Assets	<u>2,875,579</u>	<u>2,236,235</u>	<u>5,111,814</u>
TOTAL ASSETS	<u>9,716,596</u>	<u>2,761,408</u>	<u>12,478,004</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	23,526	24,314	47,840
Notes and Loan Payable	-	37,975	37,975
Total Current Liabilities	<u>23,526</u>	<u>62,289</u>	<u>85,815</u>
Noncurrent Liabilities			
Notes and Loan Payable	-	836,226	836,226
Total Noncurrent Liabilities	<u>-</u>	<u>836,226</u>	<u>836,226</u>
TOTAL LIABILITIES	<u>23,526</u>	<u>898,515</u>	<u>922,041</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax (Current)	<u>109,295</u>	<u>-</u>	<u>109,295</u>
NET POSITION			
Net Investment in Capital Assets	2,875,579	1,362,034	4,237,613
Restricted for			
TABOR	25,500	-	25,500
Parks and Recreation Facilities	4,822,958	-	4,822,958
Unrestricted	<u>1,859,738</u>	<u>500,859</u>	<u>2,360,597</u>
TOTAL NET POSITION	<u>\$ 9,583,775</u>	<u>\$ 1,862,893</u>	<u>\$ 11,446,668</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
Primary Government:							
Governmental Activities:							
General Government	\$ 309,795	\$ 11,401	\$ -	\$ -	\$ (298,394)	\$ -	\$ (298,394)
Highways and Streets	336,288	-	-	-	(336,288)	-	(336,288)
Culture and Recreation	258,430	22,832	30,612	-	(204,986)	-	(204,986)
Total Governmental Activities	904,513	34,233	30,612	-	(839,668)	-	(839,668)
Business-Type Activities							
Water	326,296	202,680	12,474	5,006	-	(106,136)	
Sewer	133,276	82,785	5,095	2,045	-	(43,352)	(43,352)
Total Business-Type Activities	459,572	285,465	17,569	7,050	-	(149,488)	(149,488)
Total Primary Government	\$ 1,364,085	\$ 319,698	\$ 48,181	\$ 7,050	(839,668)	(149,488)	(989,156)
General Revenues:							
Taxes:							
					103,984	-	103,984
					497,519	-	497,519
					105,781	-	105,781
					137,892	1,043	138,935
					42,978	-	42,978
					664,367	-	664,367
					<u>1,552,521</u>	<u>1,043</u>	<u>1,553,564</u>
					712,853	(148,445)	564,408
					8,915,922	2,011,338	10,927,260
					(45,000)	-	10,970,238
					<u>8,870,922</u>	<u>2,011,338</u>	<u>10,882,260</u>
					<u>\$ 9,583,775</u>	<u>\$ 1,862,893</u>	<u>\$ 11,446,668</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2019

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENTS FUND</u>	<u>VIRGINIA G. CHRISTENSEN TRUST</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Investments	\$ 1,487,518	\$ 338,367	\$ -	\$ 14,993	\$ 1,840,878
Restricted Cash and Investments	-	-	4,807,965	-	4,807,965
Accounts Receivable	6,835	8,007	-	-	14,842
Property Taxes Receivable	109,295	-	-	-	109,295
Due From Other Funds	67,607	-	-	-	67,607
Due From Other Governments	10,528	-	-	-	10,528
TOTAL ASSETS	<u>\$ 1,681,783</u>	<u>\$ 346,374</u>	<u>\$ 4,807,965</u>	<u>\$ 14,993</u>	<u>\$ 6,851,115</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 23,526	\$ -	\$ -	\$ -	\$ 23,526
Due to Other Funds	-	10,098	-	-	10,098
TOTAL LIABILITIES	<u>23,526</u>	<u>10,098</u>	<u>-</u>	<u>-</u>	<u>33,624</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	109,295	-	-	-	109,295
FUND BALANCE					
Restricted:					
Tabor Amendment Reserve	25,500	-	-	-	25,500
Parks and Recreation	-	-	4,807,965	14,993	4,822,958
Committed:					
Capital Improvements	-	336,276	-	-	336,276
Assigned:					
Subsequent Year Expenditures	315,000	-	-	-	315,000
Unassigned	1,208,462	-	-	-	1,208,462
TOTAL FUND BALANCE	<u>1,548,962</u>	<u>336,276</u>	<u>4,807,965</u>	<u>14,993</u>	<u>6,708,196</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCE	<u>\$ 1,681,783</u>	<u>\$ 346,374</u>	<u>\$ 4,807,965</u>	<u>\$ 14,993</u>	<u>\$ 6,851,115</u>

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2019

Total governmental fund balances	\$ 6,708,196
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 in the funds.	<u>2,875,579</u>
Net position of governmental activities	<u><u>\$ 9,583,775</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2019

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 499,996	\$ 150,526	\$ -	\$ -	\$ 650,522
Licenses and Permits	14,926	-	-	-	14,926
Intergovernmental Revenue	62,197	-	-	25,177	87,374
Interest Income	23,516	3,998	110,369	9	137,892
Net Increase (Dec) in Investment	-	-	664,367	-	664,367
Other Revenue	62,285	-	-	-	62,285
TOTAL REVENUES	662,920	154,524	774,736	25,186	1,617,366
EXPENDITURES					
General Government	308,675	-	-	-	308,675
Highways and Streets	264,291	-	-	-	264,291
Culture and Recreation	157,724	-	62,570	21,683	241,977
TOTAL EXPENDITURES	730,690	-	62,570	21,683	814,943
Net Change in Fund Balances	(67,770)	154,524	712,166	3,503	802,423
Fund Balance, Beginning of Year, As Previously Stated	1,661,732	181,752	4,095,799	11,490	5,950,773
Prior Period Adjustment	(45,000)	-	-	-	(45,000)
Fund Balance, Beginning of Year, Restated	1,616,732	181,752	4,095,799	11,490	5,905,773
Fund Balance, End of Year	\$ 1,548,962	\$ 336,276	\$ 4,807,965	\$ 14,993	\$ 6,708,196

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ 802,423
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.</p>	
Depreciation Expense	(91,575)
<p>Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement activities compensated absences are expensed as they are accrued. Change in the compensated absences liability.</p>	
	2,005
Change in net position of governmental activities	\$ 712,853

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2019

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 345,441
Restricted Cash and Investments	198,754
Accounts Receivable	38,487
Total Current Assets	582,682
Noncurrent Assets	
Capital Assets	
Land	32,457
Buildings	4,383,354
Equipment	123,015
Less: Accumulated Depreciation	(2,302,591)
Total Noncurrent Assets	2,236,235
TOTAL ASSETS	2,818,917
LIABILITIES	
Current Liabilities	
Accounts Payable	24,314
Due to Other Funds	57,509
Notes and Loan Payable	37,975
Total Current Liabilities	119,798
Noncurrent Liabilities	
Notes and Loan Payable	836,226
Total Noncurrent Liabilities	836,226
TOTAL LIABILITIES	956,024
NET POSITION	
Net Investment in Capital Assets	1,362,034
Unrestricted	500,859
TOTAL NET POSITION	\$ 1,862,893

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2019

	WATER AND SEWER FUND
OPERATING REVENUES	
Charges for Services	\$ 285,465
TOTAL OPERATING REVENUES	285,465
OPERATING EXPENSES	
Personnel Services	53,848
Materials and Supplies	48,618
Testing Fees	17,339
Professional Services	100,936
Repairs	77,751
Utilities	38,093
Depreciation Expense	97,510
Other Expenses	9,688
TOTAL OPERATING EXPENSES	443,783
Operating Income (Loss)	(158,318)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	1,043
Debt Service Payments	(15,789)
Other Revenue	17,569
TOTAL NONOPERATING REVENUES (EXPENSES)	2,823
Income (Loss) Before Other Revenue	(155,495)
Capital Contributions	7,050
Net Income (Loss)	(148,445)
Net Position, Beginning of Year	2,011,338
Net Position, End of Year	\$ 1,862,893

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	<u>WATER AND SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 295,935
Cash Payments to Suppliers for Goods and Services	(281,503)
Cash Payments to Employees	(47,776)
Cash Payments for Employee Benefits and Taxes	(6,072)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(39,416)
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received (payments) from other activities	30,240
	<hr/>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	30,240
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Contributions	7,050
Interest Paid on Notes and Bonds	(15,789)
Principal Paid on Notes and Bonds	(37,319)
	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(46,058)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	1,043
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(54,191)
	<hr/>
Cash and Cash Equivalents, Beginning of Year	598,386
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 544,195
	<hr/> <hr/>
Operating Income (Loss)	\$ (158,318)
Adjustments to Reconcile Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	97,510
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	10,470
Increase (Decrease) in Accounts Payable	10,922
	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (39,416)
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Primary Government

The City of Creede, Colorado, was incorporated on June 13, 1892, under an act entitled "An Act in Relation to Municipal Corporations" passed by the First General Assembly on April 4, 1877. The City operates under a Town council form of government and provides the following services: public safety, highway and street maintenance, culture and recreation, debt service and general government activities, including financial administration, planning and zoning and municipal court services. A Board of Trustees elected by eligible voters of the City governs the City of Creede. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the City of Creede, a primary government. Based on criteria set forth in GASB Statement No. 14, the City has no component units.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-wide Statements

The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double reporting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes levied by the City, are presented as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer Fund also recognize as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category — governmental and propriety — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The City does not have fiduciary fund types.

The City reports the following major governmental funds:

- The ***General Fund*** is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Capital Improvements Fund*** is used for the aggregation of monies for future capital purchases. Sources of revenue are derived from sales tax designated for capital improvements.
- The ***Virginia G. Christensen Trust Fund*** is used to account for revenue earned from the trust and the expenditures are to be used for parks and recreation facilities.

The City reports the following major enterprise funds:

- The ***Water and Sewer Fund*** accounts for user charges and expenses for operating, financing and maintaining the city's water and sewer system.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchanges, include sales taxes, grants, entitlements, and donations. On the accrual basis, revenues from sales taxes are recognized in the period for which the taxes are collected by vendors. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales, taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liabilities are incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues or operating funds transfers. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues or operating fund transfers.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION

Deposits and Investments

The cash balances of substantially all funds are pooled for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at December 31, 2019, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or certificates of deposit. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Cash and Cash Equivalents

The City considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturing of three months or less to be cash equivalents.

Property Taxes

Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a deferred inflows of resources at December 31.

Inventory

Water and Sewer Fund supply inventory is valued at cost. Supplies purchased in the General Fund consist of expendable items held for consumption. The cost is recorded as expenditures at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include property, plant and equipment, are defined by the City as assets with an initial, individual cost of at least \$ 5,000 and an estimated useful life in excess of two years.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Enterprise Fund construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of any unexpended bond proceeds.

Depreciation is calculated using the straight-line method over the estimated useful lives of such assets.

Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Assets	Years
Buildings	15-40 Years
Equipment	5-7 Years
Vehicles	5 Years
Infrastructure	20-25 Years

GASB No. 34 requires the City to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance's are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

City employees receive vacation per year depending on employee classification. Salary employees can accumulate up to 10 days per year for the first 5 years of service, 15 days per year for 5-10 years of service and 20 days per year for 10 years of service or more. Full time hourly employees can accumulate up to 5 days after the first year of service and up to 10 days per year for 2 years of services or more. Part time hourly employees can accumulate up to 2 1/2 days after the first year of service and up to 5 days per year for 2 years of service or more. Accumulated vacation is limited by the City to 80 hours per employee. Accrued vacation over 80 hours is paid to the employee at year end. A liability for these amounts is reported in the governmental funds only if amounts are actually due to employees as a result of termination and or retirement. The amount not current is reported in the Government Wide and Proprietary Fund statements consist of unpaid accumulated annual leave balances.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Encumbrances

The City does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing funds.

1. Budgets are required by state law for all governmental and proprietary funds.
2. During October the proposed budget is submitted to the City Board for the fiscal year commencing the following January 1.
3. Prior to December 15, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
4. Formal budgetary integration is employed as a management control device for all funds of the City. The governmental funds and expendable trust funds budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The proprietary funds budgets are adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.
5. Appropriations lapse at the end of each year, and the City Board may adopt supplemental appropriations during the year. The City Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's administrator or the revenue estimates must be changed by the City Board when adopting supplemental appropriations. The City did a supplemental appropriation in 2019.

Stewardship

During 2019 expenditures in the General Fund, Conservation Trust Fund, and Water and Sewer Fund exceeded appropriations by \$89,107, \$21,683, and \$4,074, respectively. This may be a violation of Colorado Revised Statute 29-1-110.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

Cash and Deposits

Colorado State Statutes govern the City's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2019 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end \$2,089,175 of the City's bank balance of \$2,589,175 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

The City's investments are subject to interest rate, credit risk and concentration of credit risk. The types of investments which are authorized to be made with City funds are controlled by state statute and the investment policies of the City. Colorado statutes and the City's investment policies specify investment instruments meeting defined rating and risk criteria in which the City may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Credit Risk

As of December 31, 2019, the local government investment pool, (ColoTrust) was stated at net asset value and was rated AAAM by Standard & Poor's.

The City of Creede received 20% of the Virginia G. Christensen Trust Estate in 1997. According to the trust agreement the trust income is to be distributed to the City at least annually. The trust principal may also be distributed to the City at the discretion of the trustee. JP Morgan Chase Trust Department in Boulder, Colorado is serving as the trustee. The Trust is accounted for as a special revenue fund in the City's financial statements.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

The Virginia Christensen Trust Fund's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Seven of the Virginia Christensen Trust Fund's investments are exposed to the following foreign currency risk:

	Fair Market Value December 31, 2019
Ishares Core MSCI EAFE ETF	\$ 212,160
Ishares MSCI EAFE ETF	306,994
JPMorgan BetaBuilders Canada	132,105
Six Circles International	208,209
JPMorgan BetaBuilders Europe ETF	85,164
JPMorgan BetaBuilders Japan ETF	121,866
JPMorgan BetaBuilders Dev Asia X-JPN	45,498
Total	\$ 1,111,996

These funds are highly diversified, which minimize the impact any currency could have on the overall investments. Ratings from Moody's or Standard and Poor's are not available for these products. The Virginia Christensen Trust Fund is also exposed to possible interest rate risk on fixed income investments. These funds hold several types of fixed income no concentrations of any one user.

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

Investment Type	Fair Value Measurements Using: Level 2	1-5 years	Credit Risk
J.P. Morgan (Investments)	100% \$ 4,290,033	\$ 4,290,033	N/R
Cash on hand and in banks		2,587,217	
Money market funds	\$ 24,404		N/R
ColoTrust	291,384		
Cash and investments in custody of others		315,788	
Total deposits and investments		\$ 7,193,038	

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

The carrying amounts of deposits and investments are reflected in the accompanying financial statements as:

Government-wide Statement of Net Position

Cash and cash equivalents	2,186,319
Restricted cash and investments	<u>5,006,719</u>
	<u>\$ 7,193,038</u>

Interest Rate Risk

Colorado Revised Statutes and the City's investment policy limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

The Colorado Government Liquid Asset Trust (ColoTrust), is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$ 1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables/Payables

The City reports interfund balances between its funds. The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund transfers for the year ended December 31, 2019 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 57,509
General Fund	Capital Improvements Fund	<u>10,098</u>
		<u>\$ 67,607</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	<u>109,898</u>	<u>-</u>	<u>-</u>	<u>109,898</u>
Capital assets being depreciated				
Buildings and Improvements	807,293	-	-	807,293
Infrastructure	2,476,062	-	-	2,476,062
Equipment	113,498	-	-	113,498
Vehicles	79,473	-	-	79,473
Total capital assets being depreciated	<u>3,476,326</u>	<u>-</u>	<u>-</u>	<u>3,476,326</u>
Less accumulated depreciation for:				
Buildings and Improvements	305,449	19,578	-	325,027
Infrastructure	166,006	61,717	-	227,723
Equipment	78,046	7,639	-	85,685
Vehicles	69,569	2,641	-	72,210
Total accumulated depreciation	<u>619,070</u>	<u>91,575</u>	<u>-</u>	<u>710,645</u>
Total capital assets being depreciated, net	<u>2,857,256</u>	<u>(91,575)</u>	<u>-</u>	<u>2,765,681</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,967,154</u>	<u>\$ (91,575)</u>	<u>\$ -</u>	<u>\$ 2,875,579</u>
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Total capital assets not being depreciated	<u>32,457</u>	<u>-</u>	<u>-</u>	<u>32,457</u>
Capital assets being depreciated				
Utility Plant	4,383,354	-	-	4,383,354
Equipment	123,015	-	-	123,015
Total capital assets being depreciated	<u>4,506,369</u>	<u>-</u>	<u>-</u>	<u>4,506,369</u>
Less accumulated depreciation for:				
Total accumulated depreciation	<u>2,205,081</u>	<u>97,510</u>	<u>-</u>	<u>2,302,591</u>
Business-type Capital Assets, Net	<u>\$ 2,333,745</u>	<u>\$ (97,510)</u>	<u>\$ -</u>	<u>\$ 2,236,235</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 3,125
Highways and Streets	71,997
Culture and recreation	16,453
Total depreciation expense - governmental activities	<u>\$ 91,575</u>
Business-type activities:	
Water services	\$ 87,697
Sewer services	9,813
Total depreciation expense - business-type activities	<u>\$ 97,510</u>

NOTE 6 LONG-TERM DEBT

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
<i>Business-type Activities</i>					
Joint water and sewer					
Loan payable	\$ 911,520	\$ -	\$ 37,319	\$ 874,201	\$ 37,975
Business-type Activities Total	<u>\$ 911,520</u>	<u>\$ -</u>	<u>\$ 37,319</u>	<u>\$ 874,201</u>	<u>\$ 37,975</u>

Loan payable

The City entered into a loan with Colorado Water Resources and Power Development Authority for \$1,250,000 on April 15, 2009, to finance a portion of the new waterlines, due in bi-annual payments of \$27,156 on May 1, and November 1 for 30 years beginning November 1, 2009 and ending May 1, 2039, including interest of 1.75%, to be repaid with revenues derived from the operation of the City water and sewer system. The following is a detail breakdown of the loan payments as of December 31, 2019 owed on the outstanding loan.

	<u>Principal</u>	<u>Interest</u>
2020	\$ 37,975	\$ 15,133
2021	38,642	14,466
2022	39,323	13,786
2023	40,013	13,095
2024	40,716	12,392
2025-2029	214,571	50,970
2030-2034	234,103	31,438
2035-2039	228,858	10,129
	<u>\$ 874,201</u>	<u>\$ 161,409</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 PENSION PLANS

The City of Creede participates in a pension plan offered by the Colorado County Officials and Employees Retirement Association, with Denver U.S. National Bank as trustee. The plan is a defined contribution plan and the City has no liability other than to make the required monthly contributions. All individuals employed by the City on a full-time basis are eligible for the plan. The financial report can be obtained by writing to the Colorado County Officials and Employees Retirement Association, 4949 S Syracuse St., Ste. 430, Denver, Co 80237 or by calling 1-303-713-9400.

The City agrees to contribute a minimum of 3% and a maximum of 6% of the compensation of each employee. Currently, the City contributes 3%. Each participant contributes an amount equal to the City's contribution. Participants may contribute an extra voluntary amount not to exceed 10% of their compensation.

The plan provides for various methods of withholding money and vesting schedules. Upon retirement, an annuity is purchased for the participant. The City is not involved in making pension payments and is only liable for their monthly contribution. The authorization for and the basic requirements of the plan are described in section 24-51-901 through 24-51-911 of the Colorado Revised Statutes (1973).

For the year ended December 31, 2019, employee contributions totaled \$7,860 and the City recognized pension expense of \$7,860. The City recognized \$0 of forfeitures in retirement expense during 2019. Nine employees were enrolled in the plan in 2019.

NOTE 8 RESTRICTED ASSETS

Governmental Activities

Cash in the amount of \$517,932 and investments in the amount of \$4,290,033 are restricted by the Virginia G. Christensen Trust agreement.

Business-type Activities

In accordance with the Drinking Water Revolving Fund loan agreement, cash in the amount of \$88,619 has been restricted to maintain an operations and maintenance reserve.

In accordance with the contract with the Deep Creek Water and Sanitation District cash in the amount of \$80,135 has been restricted for a sewer treatment facility expansion.

Cash in the amount of \$30,000 is restricted per the pre-annexation agreement with The Creede America Group, LLC in the Water and Sewer Fund.

NOTE 9 DEEP CREEK WATER AND SANITATION DISTRICT

In 2009, the City signed an agreement with the Deep Creek Water and Sanitation District which allows the District to connect to the City's sewage treatment plant. The District pays a monthly user fee for the services and a one-time Sewer System Development fee per user. The fees are established by resolution at the beginning of each year by the City of Creede Board of Trustees. The agreement states that the Sewer System Development fees received from the District will be restricted for sewer treatment facility expansion or capital improvement projects. User connection fees of \$80,135 are recorded as restricted cash at December 31, 2019.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions' injuries to employees; and natural disasters. These risks are covered by participation in the Colorado Intergovernmental Risk Sharing Agency and the City continues to carry commercial insurance for employee health and life insurance. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage in the current year or any of the prior three years.

Risk Pool

The City participates in the Colorado Intergovernmental Risk Sharing Agency, (CIRSA). The public entity risk pool does not meet criteria for inclusion within the reporting entity because CIRSA is:

- Financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- Has a separate governing board from that of the City,
- Has a separate management, which is responsible for day to day operations and is accountable to a separate governing board,
- The governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of service provided, and
- Has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls.

The purpose of the risk pool is to provide members the coverage's authorized by law, through joint self-insurance, insurance, reinsurance or any combination thereof, to provide claims services related to such coverages and to provide risk management and loss control services to assist members in preventing and reducing losses and injuries.

NOTE 11 SEGMENT INFORMATION

The City of Creede, Colorado, provides water and sewer service for City residents. The City has two enterprise funds to account for these activities. The following segment information is provided:

	Water	Sewer	Total
Operating Revenue	\$ 202,680	\$ 82,785	\$ 285,465
Depreciation and Amortization Expense	87,697	9,813	\$ 97,510
Operating Income (Loss)	(55,067)	(103,251)	\$ (158,318)
Net Income (Loss)	(65,121)	(83,324)	\$ (148,445)

Because water and sewer services are provided for in one fund, several items cannot be allocated between water and sewer. Therefore, some line items have been omitted in the segment information.

NOTE 12 TABOR EMERGENCY RESERVE

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 compliance with the requirements of the amendment.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment also requires that emergency reserves be established. These reserves must be at least 3%. This emergency reserve has been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The voters of the City passed a ballot issue in 1996 that allowed the retention of excess revenues as defined by the Tabor Amendment.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Grant Programs

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Insurance Pools

The City is a member of the Colorado Intergovernmental Risk Sharing Agency, (CIRSA), and the Colorado Workers' Compensation Pool, (CWCP). CIRSA and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members in proportion to their contributions in the year such excess occurs, although, they are not legally required to do so. The ultimate liability to the City's resulting from claims not covered by CIRSA and CWCP is not presently determinable.

NOTE 14 FUND BALANCES

GASB Statement 54 clearly defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to be use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; amounts are reported only in the general fund.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

When an expenditure is incurred for purposed for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of the committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

NOTE 15 OPERATING LEASE

The City is committed under a lease for heavy equipment with Wagner Equipment Company. This lease is considered for accounting purposes as an operating lease. Lease expenses for the year totaled \$21,661.

NOTE 16 PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$45,000 was recorded in the General Fund due to the overstatement of accounts receivables.

NOTE 17 SUBSEQUENT EVENTS

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

CITY OF CREEDE, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the City's major special revenue funds.

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 409,509	\$ 495,714	\$ 499,996	\$ 4,282
Licenses and Permits	36,007	36,007	14,926	(21,081)
Intergovernmental Revenue	58,397	58,397	62,197	3,800
Interest Income	10,744	10,744	23,516	12,772
Other Revenue	31,660	31,660	62,285	30,625
TOTAL REVENUES	546,317	632,522	662,920	30,398
EXPENDITURES				
General Government	197,655	240,858	308,675	(67,817)
Highways and Streets	233,058	233,058	264,291	(31,233)
Culture and Recreation	167,667	167,667	157,724	9,943
TOTAL EXPENDITURES	598,380	641,583	730,690	(89,107)
Excess (deficiency) of revenues over expenditures	(52,063)	(9,061)	(67,770)	(58,709)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	50,000	50,000	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	-	(50,000)
Net Change in Fund Balance	(2,063)	40,939	(67,770)	(108,709)
Fund Balance, Beginning of Year, As Previously Stated	1,403,436	1,661,732	1,661,732	-
Prior Period Adjustment	-	-	(45,000)	(45,000)
Fund Balance, Beginning of Year, Restated	1,403,436	1,661,732	1,616,732	(45,000)
Fund Balance, End of Year	\$ 1,401,373	\$ 1,702,671	\$ 1,548,962	\$ (108,709)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
VIRGINIA G. CHRISTENSEN TRUST
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest Income	\$ 50,000	\$ 50,000	\$ 110,369	\$ 60,369
Net Increase (Decrease) in Investment	50,000	50,000	664,367	614,367
TOTAL REVENUES	100,000	100,000	774,736	674,736
EXPENDITURES				
Culture and Recreation Distributions	180,000	180,000	62,570	117,430
TOTAL EXPENDITURES	180,000	180,000	62,570	117,430
Excess (deficiency) of revenues over expenditures	(80,000)	(80,000)	712,166	792,166
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(98,000)	(98,000)	-	98,000
TOTAL OTHER FINANCING SOURCES (USES)	(98,000)	(98,000)	-	98,000
Net Change in Fund Balance	(178,000)	(178,000)	712,166	890,166
Fund Balance, Beginning of Year	4,133,219	4,133,219	4,095,799	(37,420)
Fund Balance, End of Year	\$ 3,955,219	\$ 3,955,219	\$ 4,807,965	\$ 852,746

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

CITY OF CREEDE, COLORADO
SUPPLEMENTARY INFORMATION

**CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND**

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

Conservation Trust Fund – This fund is used to account for the City share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2019

	Special Revenue Fund
	CONSERVATION TRUST FUND
ASSETS	
Cash and Cash Equivalents	\$ 14,993
TOTAL ASSETS	\$ 14,993
LIABILITIES	
Accounts Payable	\$ -
TOTAL LIABILITIES	-
FUND BALANCE	
Restricted:	
Parks and Recreation	14,993
TOTAL FUND BALANCE	14,993
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,993

**CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2019**

	Special Revenue Fund
	CONSERVATION TRUST FUND
REVENUES	
Intergovernmental Revenue	
State Lottery	\$ 3,494
Levy Certification	21,683
Interest Income	9
	9
TOTAL REVENUES	25,186
EXPENDITURES	
Culture and Recreation	21,683
	21,683
TOTAL EXPENDITURES	21,683
Net Change in Fund Balance	3,503
Fund Balance, Beginning of Year	11,490
Fund Balance, End of Year	\$ 14,993

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 127,656	\$ 150,736	\$ 150,526	\$ (210)
Interest Income	3,344	3,344	3,998	654
TOTAL REVENUES	<u>131,000</u>	<u>154,080</u>	<u>154,524</u>	<u>444</u>
EXPENDITURES				
General Government				
Capital Outlay	181,000	130	-	130
TOTAL EXPENDITURES	<u>181,000</u>	<u>130</u>	<u>-</u>	<u>130</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>153,950</u>	<u>154,524</u>	<u>574</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	50,000	50,000	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balance	-	203,950	154,524	(49,426)
Fund Balance at Beginning of year	<u>789,955</u>	<u>181,752</u>	<u>181,752</u>	<u>-</u>
Fund Balance at End of year	<u><u>\$ 789,955</u></u>	<u><u>\$ 385,702</u></u>	<u><u>\$ 336,276</u></u>	<u><u>\$ (49,426)</u></u>

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental Revenue				
State Lottery	\$ 2,500	\$ 2,706	\$ 3,494	\$ 788
Levy Certification	-	-	21,683	21,683
Interest Income	4	6	9	3
TOTAL REVENUES	<u>2,504</u>	<u>2,712</u>	<u>25,186</u>	<u>22,474</u>
EXPENDITURES				
Culture and Recreation	-	-	21,683	(21,683)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>21,683</u>	<u>(21,683)</u>
Net Change in Fund Balance	2,504	2,712	3,503	791
Fund Balance, Beginning of Year	<u>8,408</u>	<u>11,491</u>	<u>11,490</u>	<u>(1)</u>
Fund Balance, End of Year	<u>\$ 10,912</u>	<u>\$ 14,203</u>	<u>\$ 14,993</u>	<u>\$ 790</u>

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUES				
Charges for Services	\$ 324,755	\$ 310,556	\$ 285,465	\$ (25,091)
TOTAL OPERATING REVENUES	<u>324,755</u>	<u>310,556</u>	<u>285,465</u>	<u>(25,091)</u>
OPERATING EXPENSES				
Personnel Services	37,287	86,345	53,848	32,497
Materials and Supplies	28,494	28,494	48,618	(20,124)
Testing Fees	17,279	17,279	17,339	(60)
Professional Services	134,607	134,607	100,936	33,671
Repairs	24,738	24,738	77,751	(53,013)
Utilities	41,910	41,910	38,093	3,817
Other Expenses	8,826	8,826	9,688	(862)
TOTAL OPERATING EXPENSES	<u>293,141</u>	<u>342,199</u>	<u>346,273</u>	<u>(4,074)</u>
Operating Income (Loss)	<u>31,614</u>	<u>(31,643)</u>	<u>(60,808)</u>	<u>(29,165)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	631	631	1,043	412
Debt Service Payments	(115,443)	(53,108)	(53,108)	-
Other Revenue	-	-	17,569	17,569
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(114,812)</u>	<u>(52,477)</u>	<u>(34,496)</u>	<u>17,981</u>
Income (Loss) Before Other Revenue	(83,198)	(84,120)	(95,304)	(11,184)
Capital Contributions	<u>20,000</u>	<u>7,050</u>	<u>7,050</u>	<u>-</u>
Net Income (Loss) - Budgetary Basis	(63,198)	(77,070)	(88,254)	(11,184)
Less: Depreciation Expense			(97,510)	
Add: Principal Payments on Debt			<u>37,319</u>	
Change in Net Position			(148,445)	
Net Position, Beginning of Year	<u>670,101</u>	<u>589,114</u>	<u>2,011,338</u>	<u>1,422,224</u>
Net Position, End of Year	<u>\$ 606,903</u>	<u>\$ 512,044</u>	<u>\$ 1,862,893</u>	<u>\$ 1,411,040</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Creede
	YEAR ENDING : December 2019
This Information From The Records Of (example - City of _ or County) City of Creede	Prepared By: manager@creedetownhall.com Phone: 719-658-2276

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:	8,657
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	4,000	b. Snow and ice removal	6,000
3. Other local imposts (from page 2)	11,854	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	6,000
5. Transfers from toll facilities		4. General administration & miscellaneous	47,208
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	61,865
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)	15,854	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	26,014	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	41,868	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	61,865

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
19,997	41,868	61,865	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2019

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	11,854	g. Other Misc. Receipts	
6. Total (1. through 5.)	11,854	h. Other	
c. Total (a. + b.)	11,854	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	24,211	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,803	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,803	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	26,014	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	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: