

TOWN OF DOVE CREEK, COLORADO

Independent Accountants' Reports
And
Basic Financial Statements

December 31, 2019

TOWN OF DOVE CREEK, COLORADO

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Majors and Haley, P.C.

Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

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, 2019, 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, 2019, 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

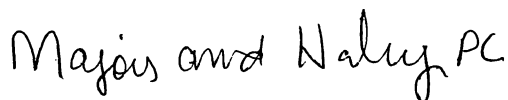
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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
Cortez, Colorado
June 10, 2020

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

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, 2019. 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 \$73,712 as a result of this year's operations.
 - Net position of governmental activities decreased \$8,699, which represents a .3% decrease.
 - Net position of business type activities decreased \$65,013 or 3.5%.
- The Town's total revenue was \$895,346 which is a decrease of \$27,559 from \$922,905 in the prior year. This decrease is, for the most part, due to grants used in the recreation department of \$54,899 received in the prior year.
 - General revenues accounted for \$498,499 in revenue or 55.7% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$396,847 or the remaining 44.3%.
- The Town incurred \$969,058 in expenses which is a \$38,767 increase from \$930,291 in the prior year.
 - The general revenues of \$498,499 were not adequate by \$73,712 to cover the expenditures that were not offset by program specific revenues.
- The General Fund reported a \$5,154 decrease in fund balance from \$2,788,961 to \$2,783,807. This is a .2% decrease.
- The business type activities decrease in net position of \$65,013 consisted of a decrease in the Water Fund of \$64,239 and a decrease in the Sanitation Fund of \$774. Depreciation included was \$36,764 in the Water Fund and \$18,663 in the Sanitation Fund.

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

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, 2019

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, 2019

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total Town's assets decreased by \$224,174. The current assets decreased \$210,564. The net capital assets decreased \$13,610. The Town's liabilities decreased by \$157,429.

The Town's combined net position was smaller on December 31, 2019 than it was at December 31, 2018, decreasing by 1.6% to \$4,675,624. The net position of governmental activities decreased \$8,699, to \$2,906,810. The net position of the Town's business type activities decreased \$65,013 to \$1,768,814.

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, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Town	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 2,924,366	\$ 2,955,030	\$ 955,282	\$ 1,135,182	\$ 3,879,648	\$ 4,090,212
Capital assets	123,003	126,548	833,359	843,424	956,362	969,972
Total assets	3,047,369	3,081,578	1,788,641	1,978,606	4,836,010	5,060,184
Liabilities	13,372	45,849	19,827	144,779	33,199	190,628
Unearned Inflow of Resources	127,187	120,220			127,187	120,220
Net Position						
Net Invested in capital assets	123,003	126,548	833,359	843,424	956,362	969,972
Restricted - TABOR	100,000	100,000			100,000	100,000
Unrestricted	2,683,807	2,688,961	935,455	990,403	3,619,262	3,679,364
Total net position	\$ 2,906,810	\$ 2,915,509	\$ 1,768,814	\$ 1,833,827	\$ 4,675,624	\$ 4,749,336

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2019

Table 2
Comparative Summary Changes in Net Position
For the Year Ending December 31, 2019 and 2018

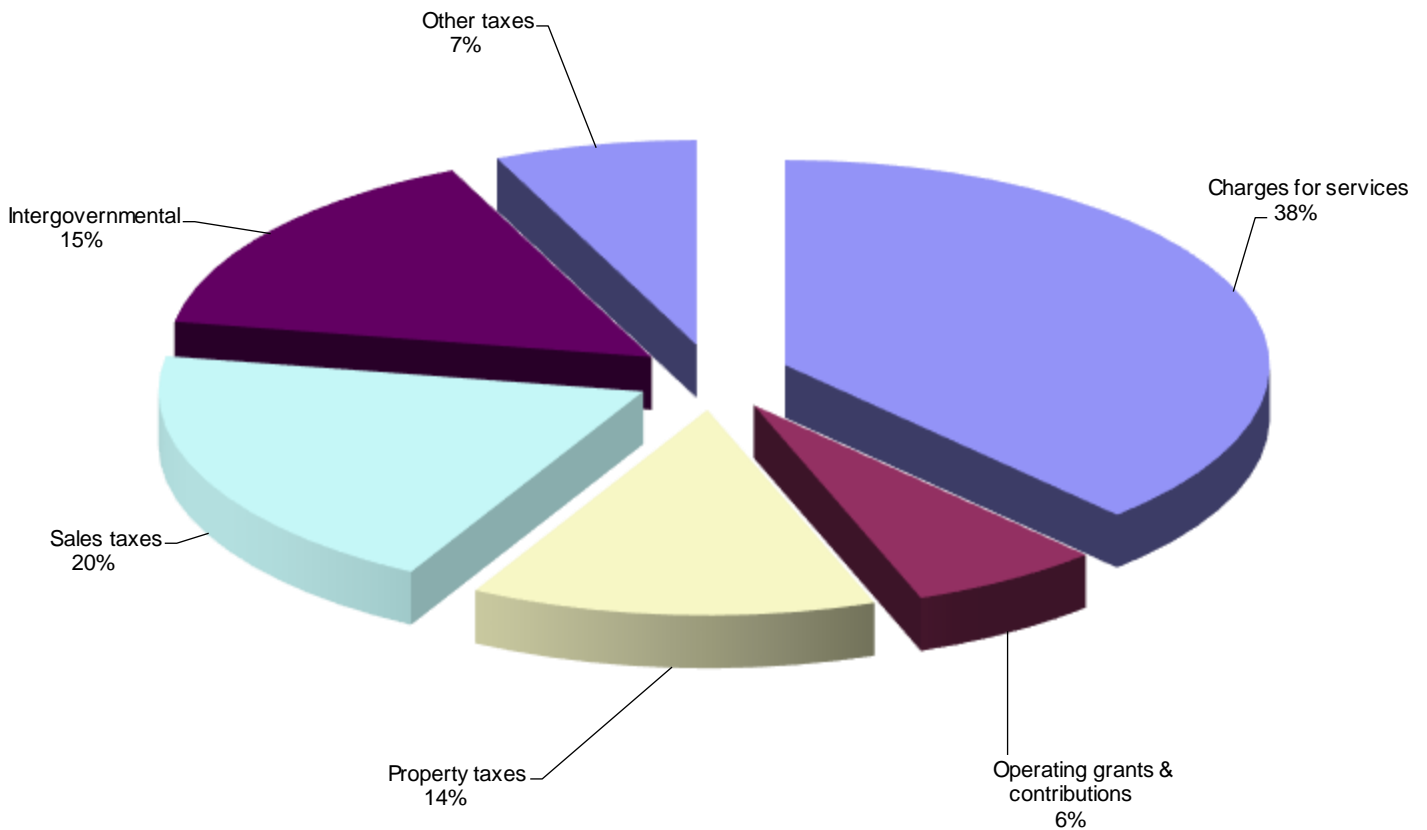
	Governmental Activities		Business-type Activities		Total Town	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 42,338	\$ 37,610	\$ 297,326	\$ 293,326	\$ 339,664	\$ 330,936
Operating grants & contributions	57,183	92,415			57,183	92,415
General revenues						
Property taxes	120,976	123,934			120,976	123,934
Sales taxes	177,185	159,225			177,185	159,225
Other	198,793	215,147	1,545	1,248	200,338	216,395
Total revenues	<u>596,475</u>	<u>628,331</u>	<u>298,871</u>	<u>294,574</u>	<u>895,346</u>	<u>922,905</u>
Expenses						
General government	318,734	286,290			318,734	286,290
Public safety	96,401	109,993			96,401	109,993
Public works	114,248	99,511	363,884	362,536	478,132	462,047
Culture and recreation	75,791	71,961			75,791	71,961
Total expenses	<u>605,174</u>	<u>567,755</u>	<u>363,884</u>	<u>362,536</u>	<u>969,058</u>	<u>930,291</u>
Increase (decrease) in net position	<u>\$ (8,699)</u>	<u>\$ 60,576</u>	<u>\$ (65,013)</u>	<u>\$ (67,962)</u>	<u>\$ (73,712)</u>	<u>\$ (7,386)</u>

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Intergovernmental revenues accounted for 15% of the Town's total revenues. Another 34% came from property and sales taxes; 38% from charges for services; 7% from miscellaneous tax revenue and the remaining 6% came from operating and capital grants and other revenue.

Table 3
Sources of Revenue for Fiscal Year 2019

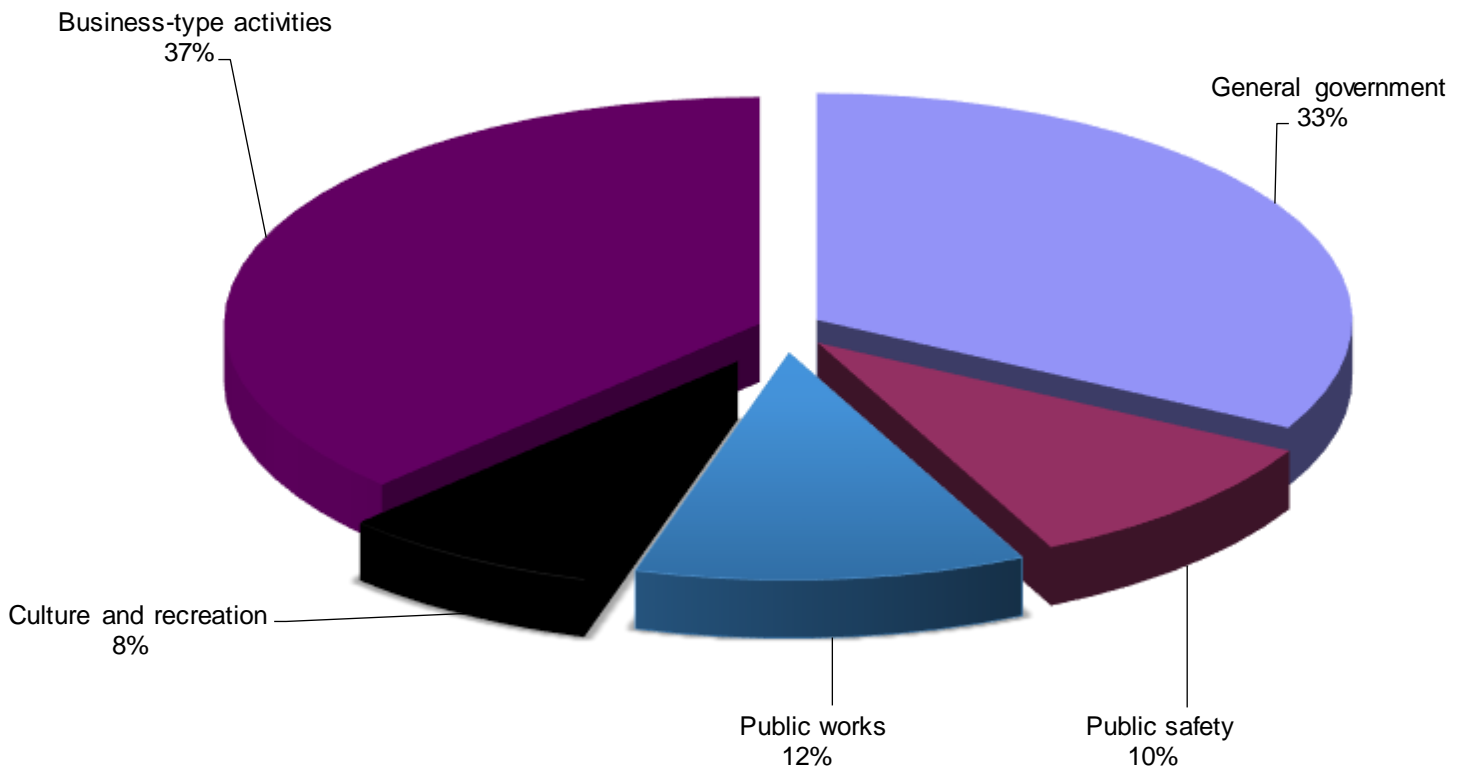


TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

The Town's expenses are predominately related to business-type activities, public safety and general government which are 37%, 10% and 33%. Public works was 12% and the Town's culture and recreation activities accounted for the balance of 8%.

Table 4
Expenses for Fiscal Year 2019



TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2019**

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, 2019 and 2018**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 318,734	\$ 286,290	\$ 298,484	\$ 273,637
Public safety	96,401	109,993	84,935	98,293
Public works	114,248	99,511	76,928	61,995
Culture and recreation	75,791	71,961	45,306	3,805
Total	<u>\$ 605,174</u>	<u>\$ 567,755</u>	<u>\$ 505,653</u>	<u>\$ 437,730</u>

The cost of all governmental activities during the year was \$605,174.

- \$42,338 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 \$57,183.
- However, \$496,954 was financed by state and town taxpayers. The general revenues of \$496,954 were not adequate to cover this. The general revenues consist of \$123,713 in Mineral Leasing payments, \$127,380 in property and specific ownership taxes, \$177,185 in sales taxes and \$68,676 in other general revenues.

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2019

BUSINESS-TYPE ACTIVITIES

Business-type activities are made up of the Water Fund and the Sanitation Fund. These programs had revenues of \$298,871 and expenses of \$363,884.

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. The General Fund had revenues of \$596,475 and expenditures of \$601,629.

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 \$352,071 less than budget in the General Fund, primarily because the Town budgets conservatively on expected revenues.

CAPITAL ASSET ADMINISTRATION

By the end of 2019, the Town has invested \$3,932,800 in land, buildings, and equipment (including vehicles), of this total \$380,344 was from governmental activities.

***Table 6
Capital Assets at December 31, 2019 and 2018***

	Governmental Activities		Business-Type Activities		Total Town	
	2019	2018	2019	2018	2019	2018
Land	\$ 98,185	\$ 98,185	\$ 32,652	\$ 23,852	\$ 130,837	\$ 122,037
Buildings	69,648	69,648			69,648	69,648
Equipment/Facilities	212,511	212,511	3,519,804	3,512,422	3,732,315	3,724,933
Total	\$ 380,344	\$ 380,344	\$ 3,552,456	\$ 3,536,274	\$ 3,932,800	\$ 3,916,618

TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2019**

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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash-unrestricted	\$ 2,764,630	\$ 915,761	\$ 3,680,391
Property tax receivable	127,187		127,187
Other receivables		35,604	35,604
Due from other funds	7,532		7,532
Due from other governments	25,017		25,017
Investments in water taps		3,917	3,917
Capital assets, net of depreciation	123,003	833,359	956,362
Total Assets	<u>3,047,369</u>	<u>1,788,641</u>	<u>4,836,010</u>
Liabilities			
Accounts payable	7,232	12,295	19,527
Accrued payroll tax liabilities	6,140		6,140
Due to other funds		7,532	7,532
Total Liabilities	<u>13,372</u>	<u>19,827</u>	<u>33,199</u>
Deferred Inflow of Resources			
Unearned tax revenue	<u>127,187</u>		<u>127,187</u>
Net Position			
Net investment in capital assets	123,003	833,359	956,362
Restricted			
TABOR	100,000		100,000
Unrestricted	2,683,807	935,455	3,619,262
Total Net Position	<u>\$ 2,906,810</u>	<u>\$ 1,768,814</u>	<u>\$ 4,675,624</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, 2019

	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	\$ 318,734	\$ 20,250		\$ (298,484)		\$ (298,484)
Public safety	96,401	11,466		(84,935)		(84,935)
Public works	114,248		\$ 37,320	(76,928)		(76,928)
Culture and recreation	75,791	10,622	19,863	(45,306)		(45,306)
Total Governmental Activities	<u>605,174</u>	<u>42,338</u>	<u>57,183</u>	<u>(505,653)</u>		<u>(505,653)</u>
Business-Type Activities						
Water	284,148	217,186			\$ (66,962)	(66,962)
Sanitation	79,736	80,140			404	404
Total Business-Type Activities	<u>363,884</u>	<u>297,326</u>			<u>(66,558)</u>	<u>(66,558)</u>
Total Town	<u>\$ 969,058</u>	<u>\$ 339,664</u>	<u>\$ 57,183</u>	<u>(505,653)</u>	<u>(66,558)</u>	<u>(572,211)</u>

General Revenues

Property tax	120,976		120,976
Specific Ownership tax	6,404		6,404
Sales and Use tax	177,185		177,185
Motor Vehicle License Fees	3,475		3,475
Franchise tax	43,245		43,245
Road and Bridge Fee	7,318		7,318
Intergovernmental			
Mineral Leasing	123,713		123,713
Severance Tax	13,981		13,981
Tobacco Products tax	657		657
Earnings on investments		1,545	1,545
Total General Revenues	<u>496,954</u>	<u>1,545</u>	<u>498,499</u>
Change in Net Position	(8,699)	(65,013)	(73,712)
Net Position Beginning of the Year	2,915,509	1,833,827	4,749,336
Net Position End of the Year	<u>\$ 2,906,810</u>	<u>\$ 1,768,814</u>	<u>\$ 4,675,624</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Balance Sheet
Governmental Fund

December 31, 2019

		General Fund
Assets		
Cash-unrestricted	\$	2,764,630
Property tax receivable		127,187
Due from other funds		7,532
Due from other governments		25,017
Total Assets	\$	2,924,366
Liabilities		
Accounts payable	\$	7,232
Accrued payroll tax liabilities		6,140
Total Liabilities		13,372
Deferred Inflow of Resources		
Unearned tax revenue		127,187
Fund Balance		
Restricted		
TABOR		100,000
Assigned		
Subsequent year's expenditures		2,683,807
Total Fund Balance		2,783,807
Total Liabilities and Fund Balance	\$	2,924,366
Reconciliation of the Governmental Fund Balance Sheet with the Statement of Net Position		
Total Fund Balance Governmental Fund	\$	2,783,807
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		(257,341)
		123,003
Total Net Position Governmental Activities	\$	2,906,810

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, 2019

	General Fund
Revenues	
Taxes	\$ 358,603
Licenses and permits	3,698
Intergovernmental	195,534
Charges for services	8,239
Fines and forfeitures	11,466
Miscellaneous	18,935
Total Revenues	596,475
Expenditures	
General government	318,361
Public safety	96,401
Public works	112,840
Culture and recreation	74,027
Total Expenditures	601,629
Excess revenues over (under) expenditures	(5,154)
Net Change in Fund Balances	(5,154)
Fund Balances beginning of the year	2,788,961
Fund Balances end of the year	\$ 2,783,807
 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	\$ (5,154)
<p>Amounts reported for governmental activities in the Statement of Activities are different because Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	
Capital outlay	\$ -
Depreciation expense	(3,545)
	(3,545)
Change in Net Position of Governmental Activities	\$ (8,699)

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, 2019

	Business-type Activities		
	Water	Sanitation	Total
Assets			
Current Assets			
Cash	\$ 460,720	\$ 455,041	\$ 915,761
Receivables-net			
Accounts receivable	29,371	6,233	35,604
Noncurrent Assets			
Investments in Water Taps	3,917		3,917
Capital assets, net of depreciation	547,534	285,825	833,359
Total Assets	1,041,542	747,099	1,788,641
Liabilities			
Current Liabilities			
Accounts payable	10,827	1,468	12,295
Due to other funds	2,374	5,158	7,532
Total Liabilities	13,201	6,626	19,827
Net Position			
Net investment in capital assets	547,534	285,825	833,359
Unrestricted	480,807	454,648	935,455
Total Net Position	\$ 1,028,341	\$ 740,473	\$ 1,768,814

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, 2019

	Business-type Activities		
	Water	Sanitation	Total
Operating revenues			
Water sales and sewer fees	\$ 186,314	\$ 74,263	\$ 260,577
Water sales - Celsius	14,050		14,050
Water dock	16,416		16,416
Miscellaneous revenue	406	5,877	6,283
Total operating revenues	217,186	80,140	297,326
Operating expenses			
Administration	9,936	872	10,808
Source of supply	57,384		57,384
Water and sewer treatment	156,525	60,201	216,726
Transmission and distribution	21,421		21,421
Depreciation	36,764	18,663	55,427
Total operating expenses	282,030	79,736	361,766
Operating income (loss)	(64,844)	404	(64,440)
Non-operating revenues (expenses)			
Interest revenue	605	940	1,545
Disposition of obsolete asset		(2,118)	(2,118)
Total non-operating revenues (expenses)	605	(1,178)	(573)
Change in net position	(64,239)	(774)	(65,013)
Net position beginning of the year	1,092,580	741,247	1,833,827
Net position end of the year	\$ 1,028,341	\$ 740,473	\$ 1,768,814

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, 2019

	Business-type Activities		
	Water	Sanitation	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 202,119	\$ 73,968	\$ 276,087
Cash received from miscellaneous income	406	5,877	6,283
Cash payments to employees for services	(94,530)	(92,377)	(186,907)
Cash payments to suppliers for goods and services	(216,014)	(28,370)	(244,384)
Net Cash Flows provided (used) by Operating Activities	<u>(108,019)</u>	<u>(40,902)</u>	<u>(148,921)</u>
Cash Flows From Capital and Related Financing Activities			
Capital asset acquisitions	(47,480)		(47,480)
Net Cash Flows provided (used) by Capital and Financing Activities	<u>(47,480)</u>		<u>(47,480)</u>
Cash Flows from Investing Activities			
Interest Income	605	940	1,545
Net Increase (Decrease) in Cash and Cash Equivalents	(154,894)	(39,962)	(194,856)
Cash and Cash Equivalents - Beginning	615,614	495,003	1,110,617
Cash and Cash Equivalents - Ending	<u>\$ 460,720</u>	<u>\$ 455,041</u>	<u>\$ 915,761</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by			
Operating Activities			
Operating income (loss)	\$ (64,844)	\$ 404	\$ (64,440)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	36,764	18,663	55,427
Changes in Assets and Liabilities			
(Increase) Decrease in			
Receivables	(14,661)	(295)	(14,956)
Increase (Decrease) in			
Accounts Payable	(2,984)	465	(2,519)
Due to Other Funds	(62,294)	(60,139)	(122,433)
Net Cash provided (used) by Operating Activities	<u>\$ (108,019)</u>	<u>\$ (40,902)</u>	<u>\$ (148,921)</u>

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, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 120,220	\$ 120,220	\$ 120,976	\$ 756
Specific ownership	4,000	4,000	6,404	2,404
General sales and use	100,000	100,000	177,185	77,185
Motor vehicle registration	1,800	1,800	3,475	1,675
Franchise	35,000	35,000	43,245	8,245
Road and Bridge Fee	6,000	6,000	7,318	1,318
Total taxes	267,020	267,020	358,603	91,583
Licenses and permits				
Business licenses and permits	500	500	2,888	2,388
Nonbusiness licenses and permits	500	500	810	310
Total licenses and permits	1,000	1,000	3,698	2,698
Intergovernmental revenues				
Mineral leasing	1,000	1,000	123,713	122,713
Severance	4,000	4,000	13,981	9,981
Highway users	25,000	25,000	37,320	12,320
Tobacco product	700	700	657	(43)
Lottery funds	4,500	4,500	9,613	5,113
Grants			10,250	10,250
Total intergovernmental revenues	35,200	35,200	195,534	145,014
Charges for services - recreation	2,000	2,000	8,239	6,239
Fines and forfeitures	8,000	8,000	11,466	3,466
Miscellaneous revenues - recreation	3,000	3,000	2,383	(617)
Miscellaneous revenues	5,000	5,000	16,552	11,552
Total revenues	321,220	321,220	596,475	259,935

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, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Legislative	\$ 22,000	\$ 22,000	\$ 8,567	\$ 13,433
Judicial	5,000	5,000	3,963	1,037
Elections	2,000	2,000	220	1,780
Administrative				
Salary	134,000	134,000	131,176	2,824
Payroll taxes	11,000	11,000	10,076	924
Employee benefits	65,000	65,000	54,712	10,288
Office	16,000	16,000	45,286	(29,286)
Printing and publications	3,000	3,000	1,671	1,329
Utilities and telephone	6,700	6,700	4,548	2,152
Legal	30,000	30,000	26,200	3,800
Auditing	7,500	7,500	7,000	500
Outside services	4,000	4,000	1,200	2,800
Insurance	22,000	22,000	18,765	3,235
Miscellaneous	5,000	5,000	2,534	2,466
Treasurer's fees	5,500	5,500	2,443	3,057
Total general government	338,700	338,700	318,361	20,339
Public safety				
Sherriff contract	130,000	130,000	83,993	46,007
Jail	1,500	1,500		1,500
Supplies	7,500	7,500		7,500
Animal control	15,000	15,000	12,329	2,671
Miscellaneous	2,500	2,500	79	2,421
Total public safety	156,500	156,500	96,401	60,099
Public works				
General labor	50,000	50,000	25,596	24,404
Payroll tax	4,000	4,000	2,036	1,964
Maintenance of condition	100,000	100,000	47,732	52,268
Snow and ice removal	4,000	4,000	1,693	2,307
Highway equipment	40,000	40,000	8,664	31,336
Repairs	10,000	10,000	9,162	838
Street lights	22,000	22,000	17,957	4,043
Total public works	230,000	230,000	112,840	117,160

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Culture and recreation				
Contract services	\$ 32,000	\$ 32,000	\$ 32,335	\$ (335)
Operating supplies	3,500	3,500	2,447	1,053
Community Center and Park	11,000	11,000	4,661	6,339
Utilities and telephone	8,000	8,000	7,440	560
Insurance	2,000	2,000	2,000	-
Office	1,000	1,000	1,311	(311)
Sports and education	15,000	15,000	11,399	3,601
Janitorial	1,000	1,000	732	268
Repairs	4,000	4,000	11,702	(7,702)
Capital Outlay	150,000	150,000		150,000
Miscellaneous	1,000	1,000		1,000
Total Culture and recreation	228,500	228,500	74,027	154,473
Total expenditures	953,700	953,700	601,629	352,071
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(632,480)	(632,480)	(5,154)	(92,136)
Fund balance, beginning of the year	2,703,988	2,703,988	2,788,961	84,973
Fund balance, end of the year	\$ 2,071,508	\$ 2,071,508	\$ 2,783,807	\$ 712,299

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019, the carrying amount of the Town's deposits was \$3,680,391 and the bank balance was \$3,689,502. The Town's bank balances at December 31, 2019 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, 2019, 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, 2019

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2019

Are as follows:

	<u>Capital Assets Jan 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets Dec 31, 2019</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	<u>\$ 98,185</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	(253,796)	\$ (3,545)		(257,341)
Total capital assets being depreciated, net	<u>28,363</u>	<u>(3,545)</u>		<u>24,818</u>
Total governmental activities, net	<u>\$ 126,548</u>	<u>\$ (3,545)</u>	<u>\$ -</u>	<u>\$ 123,003</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	<u>\$ 23,852</u>	<u>\$ 8,800</u>		<u>\$ 32,652</u>
Capital assets, being depreciated				
Buildings and improvements	472,567	\$ 47,480	\$ (500)	519,547
Equipment and facilities	3,039,855		(39,598)	3,000,257
Total capital assets being depreciated	<u>3,512,422</u>	<u>47,480</u>	<u>(40,098)</u>	<u>3,519,804</u>
Less accumulated depreciation	(2,692,850)	\$ (55,427)	29,180	(2,719,097)
Total capital assets being depreciated, net	<u>819,572</u>	<u>(7,947)</u>	<u>(10,918)</u>	<u>800,707</u>
Total business-type activities, net	<u>\$ 843,424</u>	<u>\$ 853</u>	<u>\$ (10,918)</u>	<u>\$ 833,359</u>

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

Depreciation Expense	
General government	\$ 373
Public works	1,408
Culture and recreation	1,764
Total depreciation governmental activities	\$ 3,545

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	\$ 7,532	
Water Fund		\$ 2,374
Sanitation Fund		5,158
Total	\$ 7,532	\$ 7,532

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, 2019

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 \$2,683,807 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, 2019

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, 2019

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Water sales	\$ 160,000	\$ 160,000	\$ 186,314	\$ 26,314
Water sales-Celsius	14,050	14,050	14,050	-
Water dock	9,000	9,000	16,416	7,416
Miscellaneous revenue	500	500	406	(94)
Total operating revenues	183,550	183,550	217,186	33,636
Operating Expenses				
Administration				
Salaries	5,000	5,000		5,000
Payroll tax	1,500	1,500		1,500
Employee benefits	800	800	405	395
Office	4,000	4,000	9,068	(5,068)
Miscellaneous	1,000	1,000	463	537
Total administration	12,300	12,300	9,936	2,364
Source of supply				
Fuel and power	6,000	6,000	1,921	4,079
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	7,178	822
Water dock	1,500	1,500	4,002	(2,502)
Professional fees			14,335	(14,335)
Total source of supply	60,500	60,500	57,384	3,116
Water treatment				
Salaries	33,000	33,000	29,862	3,138
Payroll tax	3,000	3,000	2,374	626
Employee benefits	57,600	57,600	38,267	19,333
Outside services	48,000	48,000	69,532	(21,532)
Operating supplies	12,000	12,000	8,649	3,351
Insurance	7,000	7,000	4,000	3,000
Repairs and maintenance	5,500	5,500	3,256	2,244
Miscellaneous	3,000	3,000	585	2,415
Total water treatment	169,100	169,100	156,525	12,575
Transmission and distribution				
Chemicals	17,000	17,000	8,393	8,607
Fuel and power	12,000	12,000	9,518	2,482
Outside services	2,000	2,000	510	1,490
Insurance	6,000	6,000	3,000	3,000
Total transmission and distribution	37,000	37,000	21,421	15,579

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, 2019

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Capital outlay	\$ 300,000	\$ 300,000	\$ 47,480	\$ 252,520
Total Operating Expenses	578,900	578,900	292,746	286,154
Operating income (loss)	(395,350)	(395,350)	(75,560)	319,790
Non-Operating Revenue (Expenses)				
Interest revenue	20	20	605	585
Total Non-Operating Revenue	20	20	605	585
Change in net position non GAAP basis	(395,330)	(395,330)	(74,955)	320,375
Add capital outlay			47,480	47,480
Less depreciation expense			(36,764)	(36,764)
Change in net position	(395,330)	(395,330)	(64,239)	331,091
Net position beginning of the year	576,520	576,520	1,092,580	516,060
Net position end of the year	\$ 181,190	\$ 181,190	\$ 1,028,341	\$ 847,151

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, 2019

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Sewer fees	\$ 65,000	\$ 65,000	\$ 74,263	\$ 9,263
Miscellaneous revenue	5,000	5,000	5,877	877
Total operating revenues	<u>70,000</u>	<u>70,000</u>	<u>80,140</u>	<u>10,140</u>
Operating Expenses				
Administration				
Salaries	8,500	8,500		8,500
Payroll tax	700	700		700
Office	800	800	872	(72)
Miscellaneous	500	500		500
Total administration	<u>10,500</u>	<u>10,500</u>	<u>872</u>	<u>9,628</u>
Sewer treatment				
Salaries	40,000	40,000	29,862	10,138
Payroll tax	3,000	3,000	2,375	625
Operating supplies	2,500	2,500	2,157	343
Chemicals	12,000	12,000	4,220	7,780
Fuel and power	12,000	12,000	11,616	384
Outside services	7,000	7,000	4,315	2,685
Repairs and maintenance	5,000	5,000	1,054	3,946
Insurance	4,000	4,000	3,175	825
Miscellaneous	2,500	2,500	1,427	1,073
Total sewer treatment	<u>88,000</u>	<u>88,000</u>	<u>60,201</u>	<u>27,799</u>
Capital outlay	20,000	20,000		20,000
Total Operating Expenses	<u>118,500</u>	<u>118,500</u>	<u>61,073</u>	<u>57,427</u>
Operating income (loss)	<u>(48,500)</u>	<u>(48,500)</u>	<u>19,067</u>	<u>67,567</u>
Non-Operating Revenue (Expenses)				
Interest revenue	500	500	940	440
Disposition of obsolete asset			(2,118)	(2,118)
Total Non-Operating Revenue	<u>500</u>	<u>500</u>	<u>(1,178)</u>	<u>(1,678)</u>
Change in net position non GAAP basis	(48,000)	(48,000)	17,889	65,889
Add capital outlay				-
Less depreciation expense			(18,663)	(18,663)
Change in net position	<u>(48,000)</u>	<u>(48,000)</u>	<u>(774)</u>	<u>47,226</u>
Net position beginning of the year	416,584	416,584	741,247	324,663
Net position end of the year	<u>\$ 368,584</u>	<u>\$ 368,584</u>	<u>\$ 740,473</u>	<u>\$ 371,889</u>

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
This Information From The Records Of Town of Dove Creek Colorado		YEAR ENDING : December 31, 2019
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:	93,190
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,957
2. General fund appropriations		b. Snow and ice removal	1,693
3. Other local imposts (from page 2)	72,044	c. Other -	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	19,650
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)	112,840
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)	72,044	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	40,796	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	112,840	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)	112,840

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
		112,840	112,840		0

Notes and Comments:

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	58,322	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,318	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses 6		f. Charges for Services	
5. Specific Ownership &/or Other	6,404	g. Other Misc. Receipts	
6. Total (1. through 5.)	72,044	h. Other	
c. Total (a. + b.)	72,044	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	37,321	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,475	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,475	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	40,796	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
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: