

CITY OF CREEDE, COLORADO

FINANCIAL STATEMENTS

December 31, 2020



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, 2020, 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, 2020, 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

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Emphasis of Matter

As discussed in note 15 to the financial statements, certain amounts were incorrect in the prior year financial statements. Specifically, governmental activities were impacted by general fund payroll expense and tax related revenues that were understated; capital improvement fund tax related revenues were understated; and capital assets and the related capital lease liability were understated. Business-type activities, comprised of the water and sewer fund expense and water and sewer fees were overstated. Beginning net position and fund balances have been restated in the financial statements. Our opinion is not modified with respect to these matters

Other Matters

Required Supplementary 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.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 2, 2021

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Creede (the City) for the year ended December 31, 2020. It is offered here by the management of the City to the readers of its financial statements.

Financial Highlights

- The assets of the City exceed its liabilities and deferred inflows of resources at December 31, 2020 by \$12,087,891 (net position). Of this amount, \$2,379,848 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$602,652. The highlights of this increase can be found on page 4 of this report.
- At December 31, 2020, the City's governmental funds reported combined ending fund balances of \$7,209,470. This amount is classified into the following categories:

Nonspendable	\$ 999	-
Restricted	5,080,937	70.48%
Committed	625,224	8.67%
Assigned	15,000	-
Unassigned	1,487,310	20.63%

- The \$1,487,310 unassigned fund balance in the General Fund represents 125.19% of total General Fund expenditures.
- The City's total debt decreased by \$58,979 (6.14%) during the current year. The highlights of this decrease can be found on pages 22 and 23 of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements.

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources (if any), and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.) in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

Governmental Activities. Most of the City's basic services are reported here, including general government, planning for future land use, traffic control, building inspection, public health, neighborhood integrity, park and recreational activities, and cultural events. Property taxes, sales taxes, franchise fees, investment earnings, intergovernmental grants and lottery revenue provide the majority of the financing for these activities.

Business-Type Activities. Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution and sewer collection.

Fund Financial Statements

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary fund.

Governmental Funds. Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental fund financial statements.

The City maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for each fund.

Proprietary Funds. When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City Water/Sewer Fund is reported as a Business-Type Activity – Enterprise Fund.

The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and sewer operations. These services are primarily provided to outside or nongovernmental customers.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the City adopts an annual appropriated budget for its General Fund and for its Proprietary Fund. A budgetary comparison schedule has been provided for the General Fund and the Water/Sewer Fund to demonstrate compliance with this budget.

Government-Wide Financial Analysis

Total assets of the City at December 31, 2020 were \$13,234,187, while total liabilities were \$1,036,425. Total deferred inflows of resources were \$109,871, resulting in a net position balance of \$12,087,891.

The largest portion of the City's net position, \$5,043,937 (41.73%), reflects the amount held in a permanent endowment held in the Virginia Christiansen Fund. Earnings and allowed distributions from this endowment are used for certain parks and recreation projects, however, this balance is restricted and to be held for future growth and earnings. \$4,627,106 (38.28%) of the net position reflects the City's net investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		Restated		Restated		Restated
Current and other assets	\$ 2,401,509	\$ 2,093,623	\$ 56,772	\$ 300,459	\$ 2,458,281	\$ 2,394,082
Restricted assets	5,048,242	4,807,965	199,114	198,754	5,247,356	5,006,719
Capital assets, net	3,113,996	2,949,080	2,414,554	2,236,235	5,528,550	5,185,315
Total assets	10,563,747	9,850,668	2,670,440	2,735,448	13,234,187	12,586,116
Current liabilities	89,560	23,526	28,076	7,633	117,636	31,159
Long-term debt	82,563	86,222	836,226	874,201	918,789	960,423
Total liabilities	172,123	109,748	864,302	881,834	1,036,425	991,582
Deferred inflows of resources	109,871	109,295	-	-	109,871	109,295
Net investment in capital assets	3,048,778	2,862,858	1,578,328	1,362,034	4,627,106	4,224,892
Restricted	5,080,937	4,848,458	-	-	5,080,937	4,848,458
Unrestricted	2,152,038	1,920,309	227,810	491,580	2,379,848	2,411,889
Total Net Assets	\$ 10,281,753	\$ 9,631,625	\$ 1,806,138	\$ 1,853,614	\$ 12,087,891	\$ 11,485,239

At the end of the current year, the City is able to report positive balances in all categories of net position. For detail of the Statement of Net Position, reference page 3 of the Basic Financial Statements.

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

CONDENSED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		Restated		Restated		Restated
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 32,320	\$ 34,233	\$ 348,187	\$ 285,465	\$ 380,507	\$ 319,698
Grants and contributions	225,200	30,612	113,754	24,619	338,954	55,231
<u>General revenues</u>						
Property Taxes	109,625	103,984	-	-	109,625	103,984
Sales Taxes	761,998	548,720	-	-	761,998	548,720
Other Taxes	140,469	123,974	-	-	140,469	123,974
Investment Earnings and Other	530,363	845,237	541	1,043	530,904	846,280
Total Revenues	1,799,975	1,686,760	462,482	311,127	2,262,457	1,997,887
Expenses						
General Government	576,781	318,620	-	-	576,781	318,620
Highways and Streets	295,975	336,288	-	-	295,975	336,288
Culture and Recreation	212,149	258,430	-	-	212,149	258,430
Water and Sewer	-	-	574,900	442,891	574,900	442,891
Total Expenses	1,084,905	913,338	574,900	442,891	1,659,805	1,356,229
Increase(decrease) in net position	715,070	773,422	(112,418)	(131,764)	602,652	641,658
Transfers in/(out)	(64,942)	-	64,942	-	-	-
Changes in net position	650,128	773,422	(47,476)	(131,764)	602,652	641,658
Net position, January 1, as previously stated	9,583,775	8,870,922	1,862,893	2,011,338	11,446,668	10,882,260
Prior period adjustment	47,850	(12,719)	(9,279)	(25,960)	38,571	(38,679)
Net position, January 1, as restated	9,631,625	8,858,203	1,853,614	1,985,378	11,485,239	10,843,581
Net position, December 31	\$10,281,753	\$9,631,625	\$1,806,138	\$1,853,614	\$12,087,891	\$11,485,239

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

Governmental Activities

Net position increased \$650,128. Key revenue and expense transactions are as follows:

- Total revenues increased approximately \$113,215 over the prior year.
- Property tax revenues increased approximately \$5,641.
- Sales tax revenues increased approximately \$213,278.
- Charges for services decreased approximately \$1,913.

Total expenses for the year 2020 increased by \$171,567 when compared to the year 2019.

Business-Type Activities

Business-type activities decreased net position by \$47,476. Key elements to the change in net position are as follows:

- Water and sewer revenues for the current year were \$112,418 lower than expenses generated due to a \$132,009 increase in expenses primarily related to an additional \$125,757 allocation of payroll related expenses to the water and sewer enterprise.

Financial Analysis of the Government's Funds

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the current year, the City's governmental funds reported combined fund balances of \$7,209,470. Approximately 16.62%, or \$1,198,810, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending and has been classified into the following categories:

Restricted	\$ 5,080,937
Committed	625,224
Assigned	15,000
Nonspendable	999

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance is \$1,540,309. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 100.91% of total

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020

General Fund expenditures, while total fund balance represents 129.65% of total General Fund expenditures. The General Fund's fund balance decreased \$59,642 this year.

The Capital Improvement Fund balance increased by \$279,368.

The Virginia Christiansen Fund balance increased by \$217,718.

The Conservation Trust Fund balance increased \$3,261.

Detail for Governmental Funds is found on pages 5-8 of the Basic Financial Statements.

Proprietary Funds: The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Water and Sewer Fund at the end of the year amounted to \$227,810. Total net position in the Water and Sewer Fund decreased \$47,476.

General Fund Budgetary Highlights

City Board of Trustees adopted the 2020 budget as outlined on page 27. Total revenues were \$167,286 less than the final budgeted amounts. This decrease in revenues was in large part due to the decrease in intergovernmental grant revenue received. Total expenditures were \$100,327 less than the final budget.

A complete budget comparison report appears on page 27 of the financial statements.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$5,528,550 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current year was 6.62%. Additional capital projects planned to be completed in the near term include replacing sewer lines, installing a micro-hydro generator, and making pedestrian improvements to Main Street.

Long-Term Debt: Long-Term Liabilities decreased by \$58,979 in 2020. The year-end balance was \$901,444, which is comprised of a \$1,250,000 1.75% interest loan (current balance of \$836,226) with Colorado Water Resources and Development Authority, and a capital lease obligation of \$162,777 (current balance of \$65,218).

Additional information on the City's long-term debt can be found in Note 6 on pages 22 and 23 of this report.

**City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2020**

Commitments and Contingencies

As a result of the COVID-19 coronavirus and the economic uncertainties the City may face it is unknown at this time the full financial impact of the operations of the City. It is likely the City will be impacted by a decrease in property and sales tax revenues.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the City of Creede, P.O. Box 457, Creede, CO 81130.

CITY OF CREEDE, COLORADO
BASIC FINANCIAL STATEMENTS

CITY OF CREEDE, COLORADO
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	TOTAL
ASSETS			
Cash and Investments	\$ 1,741,519	\$ 307,986	\$ 2,049,505
Restricted Cash and Investments	5,048,242	199,114	5,247,356
Property Taxes Receivable	109,871	-	109,871
Accounts Receivable	6,776	43,804	50,580
Due from Other Governments	195,382	43,424	238,806
Inventory	999	8,520	9,519
Internal Balances	346,962	(346,962)	-
Total Current Assets	7,449,751	255,886	7,705,637
Capital Assets			
Construction in Progress	65,608	271,237	336,845
Land	109,898	32,457	142,355
Buildings	546,490	2,096,384	2,642,874
Equipment	73,242	14,476	87,718
Vehicles	17,308	-	17,308
Infrastructure	2,301,450	-	2,301,450
Total Capital Assets	3,113,996	2,414,554	5,528,550
TOTAL ASSETS	10,563,747	2,670,440	13,234,187
Liabilities			
Accounts Payable and Accrued Liabilities	89,560	28,076	117,636
Long-Term Liabilities			
Due within One Year	69,477	38,643	108,120
Due in More Than One Year	13,086	797,583	810,669
TOTAL LIABILITIES	172,123	864,302	1,036,425
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax (Current)	109,871	-	109,871
NET POSITION			
Net Investment in Capital Assets	3,048,778	1,578,328	4,627,106
Restricted for			
TABOR	37,000	-	37,000
Parks and Recreation Facilities	5,043,937	-	5,043,937
Unrestricted	2,152,038	227,810	2,379,848
TOTAL NET POSITION	\$ 10,281,753	\$ 1,806,138	\$ 12,087,891

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

CITY OF CREEDE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

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	\$ 576,781	\$ 16,599	\$ 19,791	\$ 200,506	\$ (339,885)	\$ -	\$ (339,885)
Highways and Streets	295,975	-	-	-	(295,975)	-	(295,975)
Culture and Recreation	212,149	15,721	-	4,903	(191,525)	-	(191,525)
Total Governmental Activities	1,084,905	32,320	19,791	205,409	(827,385)	-	(827,385)
Business-Type Activities							
Water	408,179	247,213	7,324	73,441	-	(80,201)	
Sewer	166,721	100,974	2,992	29,997	-	(32,758)	(32,758)
Total Business-Type Activities	574,900	348,187	10,316	103,438	-	(112,959)	(112,959)
Total Primary Government	\$ 1,659,805	\$ 380,507	\$ 30,107	\$ 308,847	(827,385)	(112,959)	(940,344)
General Revenues and Transfers:							
Taxes:							
General Property Taxes - Net					109,625	-	109,625
Sales Taxes					761,998	-	761,998
Other Taxes					140,469	-	140,469
Interest on Investments					66,018	541	66,559
Miscellaneous					5,015	-	5,015
Net Increase (Dec) Investments					459,330	-	459,330
Transfers					(64,942)	64,942	-
Total General Revenues and Transfers					1,477,513	65,483	1,542,996
Change in Net Position					650,128	(47,476)	602,652
Net Position, Beginning of Year, As Previously Stated					9,583,775	1,862,893	11,446,668
Prior Period Adjustment					47,850	(9,279)	38,571
Net Position, Beginning of Year, Restated					9,631,625	1,853,614	11,485,239
Net Position, End of Year					\$ 10,281,753	\$ 1,806,138	\$ 12,087,891

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

CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 756,716	\$ 966,549	\$ -	\$ 18,254	\$ 1,741,519
Restricted Cash and Investments	-	-	5,048,242	-	5,048,242
Accounts Receivable	5,695	-	-	-	5,695
Property Taxes Receivable	109,871	-	-	-	109,871
Accrued Interest Receivable	-	-	1,081	-	1,081
Due From Other Funds	763,637	-	-	-	763,637
Due From Other Governments	141,589	53,793	-	-	195,382
Inventory	999	-	-	-	999
TOTAL ASSETS	<u>\$ 1,778,507</u>	<u>\$ 1,020,342</u>	<u>\$ 5,049,323</u>	<u>\$ 18,254</u>	<u>\$ 7,866,426</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE					
LIABILITIES					
Accounts Payable	76,799	-	2,083	-	78,882
Accrued liabilities	10,678	-	-	-	10,678
Due to Other Funds	-	395,118	21,557	-	416,675
TOTAL LIABILITIES	<u>87,477</u>	<u>395,118</u>	<u>23,640</u>	<u>-</u>	<u>506,235</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	109,871	-	-	-	109,871
Unavailable Revenue - Grants	40,850	-	-	-	40,850
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>150,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,721</u>
FUND BALANCE					
Nonspendable	999				999
Restricted:					
Tabor Amendment Reserve	37,000	-	-	-	37,000
Parks and Recreation	-	-	5,025,683	18,254	5,043,937
Committed:					
Capital Improvements	-	625,224	-	-	625,224
Assigned:					
Subsequent Year Expenditures	15,000	-	-	-	15,000
Unassigned	1,487,310	-	-	-	1,487,310
TOTAL FUND BALANCE	<u>1,540,309</u>	<u>625,224</u>	<u>5,025,683</u>	<u>18,254</u>	<u>7,209,470</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	<u>\$ 1,778,507</u>	<u>\$ 1,020,342</u>	<u>\$ 5,049,323</u>	<u>\$ 18,254</u>	<u>\$ 7,866,426</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, 2020

Total Governmental Fund Balances	\$ 7,209,470
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.

Capital Assets	\$ 3,971,051	
Accumulated Depreciation	<u>(857,055)</u>	3,113,996

Long-term liabilities are not due and payable from current resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities consist of:

Capital Lease Payable	(65,218)	
Compensated Absences Payable	<u>(17,345)</u>	(82,563)

Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.

Other Deferred Inflows of Resources (Unavailable Revenue)	<u>40,850.00</u>
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Net Position of Governmental Activities	<u><u>\$ 10,281,753</u></u>
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CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 630,586	\$ 381,506	\$ -	\$ -	\$ 1,012,092
Licenses and Permits	9,023	-	-	-	9,023
Intergovernmental Revenue	181,097	-	-	3,253	184,350
Charges for Services	23,297	-	-	-	23,297
Interest Income	7,968	2,668	55,374	8	66,018
Net Increase (Dec) in Investment	-	-	459,330	-	459,330
Other Revenue	5,015	-	-	-	5,015
TOTAL REVENUES	856,986	384,174	514,704	3,261	1,759,125
EXPENDITURES					
Current					
General Government	560,970	-	-	-	560,970
Highways and Streets	195,874	-	-	-	195,874
Culture and Recreation	125,498	-	65,438	-	190,936
Debt Service					
Principal	21,004	-	-	-	21,004
Interest	2,261	-	-	-	2,261
Capital Outlay	282,433	-	-	-	282,433
TOTAL EXPENDITURES	1,188,040	-	65,438	-	1,253,478
Excess (Deficiency) of Revenues over Expenditures	(331,054)	384,174	449,266	3,261	505,647
OTHER FINANCING SOURCES (USES)					
Transfers In	271,412	115,774	-	-	387,186
Transfers Out	-	(220,580)	(231,548)	-	(452,128)
TOTAL OTHER FINANCING SOURCES (USES)	271,412	(104,806)	(231,548)	-	(64,942)
NET CHANGE IN FUND BALANCE	(59,642)	279,368	217,718	3,261	440,705
Fund Balance, Beginning of Year, As Previously Stated	1,548,962	336,276	4,807,965	14,993	6,708,196
Prior Period Adjustment	50,989	9,580	-	-	60,569
Fund Balance, Beginning of Year, Restated	1,599,951	345,856	4,807,965	14,993	6,768,765
Fund Balance, End of Year	\$ 1,540,309	\$ 625,224	\$ 5,025,683	\$ 18,254	\$ 7,209,470

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 440,705

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of 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.

Capital Outlays	\$	282,433	
Depreciation Expense		(117,520)	164,913

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.

(17,345)

Proceeds from the issuance of long-term debt are reported as other financing sources, and principal repayments on longterm debt are reported as expenditures in governmental fund financial statements, while these are reported as increases or dwecreases in long-term debt in the government-wide financial statements.

Principal Payments on Long-Term Debt			21,004
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Certain revenue was earned and accrued in the statement of net position, but has been deferred in the governmental funds balance sheet.

40,851

Change in Net Position of Governmental Activities		\$ 650,128	
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CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2020

	<u>WATER AND SEWER FUND</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 307,986
Restricted Cash and Investments	199,114
Accounts Receivable	43,804
Due from other Governments	43,424
Due from Other Funds	64,942
Inventory	8,520
Total Current Assets	<u>667,790</u>
Noncurrent Assets	
Capital Assets	
Construction in Progress	271,237
Land	32,457
Buildings	4,383,131
Equipment	109,987
Less: Accumulated Depreciation	(2,382,258)
Total Noncurrent Assets	<u>2,414,554</u>
TOTAL ASSETS	<u>3,082,344</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	6,167
Customer Deposits	7,585
Accrued Compensation	11,885
Accrued Interest Payable	2,439
Due to Other Funds	411,904
Notes and Loan Payable	38,643
Total Current Liabilities	<u>478,623</u>
Noncurrent Liabilities	
Notes and Loan Payable	797,583
Total Noncurrent Liabilities	<u>797,583</u>
TOTAL LIABILITIES	<u>1,276,206</u>
NET POSITION	
Net Investment in Capital Assets	1,578,328
Unrestricted	<u>227,810</u>
TOTAL NET POSITION	<u><u>\$ 1,806,138</u></u>

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, 2020

	<u>WATER AND SEWER FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 348,187
TOTAL OPERATING REVENUES	<u>348,187</u>
OPERATING EXPENSES	
Personnel Services	179,605
Materials and Supplies	20,494
Testing Fees	21,445
Professional Services	151,690
Repairs	33,794
Utilities	42,026
Depreciation Expense	98,412
Other Expenses	9,862
TOTAL OPERATING EXPENSES	<u>557,328</u>
Operating Income (Loss)	<u>(209,141)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	541
Debt Service Payments	(17,572)
Other Revenue	10,316
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(6,715)</u>
Income (Loss) Before Other Revenue	(215,856)
Transfers In	64,942
Capital Contributions	103,438
Net Income (Loss)	(47,476)
Net Position, Beginning of Year, As Previously Stated	1,862,893
Prior Period Adjustment	<u>(9,279)</u>
Net Position, Beginning of Year, restated	<u>1,853,614</u>
Net Position, End of Year	<u><u>\$ 1,806,138</u></u>

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, 2020

	<u>WATER AND SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	324,495
Cash Payments to Suppliers for Goods and Services	(285,052)
Cash Payments to Employees	(132,388)
Cash Payments for Employee Benefits and Taxes	(39,578)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(132,523)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Donations and Non-Capital Grants	10,316
Cash Received (Payments) from Other Activities	354,395
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	364,711
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Contributions	60,014
Acquisition of Capital Assets	(276,730)
Interest Paid on Notes and Bonds	(15,133)
Principal Paid on Notes and Bonds	(37,975)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(269,824)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	541
Net Increase (Decrease) in Cash and Cash Equivalents	(37,095)
Cash and Cash Equivalents, Beginning of Year	544,195
Cash and Cash Equivalents, End of Year	\$ 507,100
Reported in the Accompanying Statement of Net Position as follows:	
Cash and Cash Equivalents	\$ 307,986
Restricted Cash and Investments	199,114
	\$ 507,100
Operating Income (Loss)	\$ (209,141)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	98,412
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(31,277)
(Increase) Decrease in Inventory	(4,121)
Increase (Decrease) in Customer Deposits	7,585
Increase (Decrease) in Accrued Compensation	7,639
Increase (Decrease) in Accounts Payable	(1,620)
Net Cash Provided (Used) by Operating Activities	\$ (132,523)

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

CITY OF CREEDE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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, 2020

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, 2020

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, 2020, 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 were increased by interest incurred on bonds during the construction period and reduced by earnings from investment of any unexpended bond proceeds. Construction-period interest recorded in proprietary funds is no longer capitalized beginning in 2020 due to the Town's adoption of GASB statement No. 89. No interest was capitalized during the year ended December 31, 2020.

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, 2020

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.

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 or fund balance 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 or fund balance that applies to a future period(s) and will not be recognized as an inflow of resources

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

(revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows of resources. Revenues received after the availability period of 60-days are considered deferred inflows of resources. These amounts will be recognized as an inflow of resources in the period that the amounts become available or the requirements are met.

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 assigned 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.

New Accounting Standards

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020 and Statement No. 93, Replacement of Interbank Offered Rates. The effective dates of the following pronouncement is postponed by 18 months: Statement No. 87, Leases. GASB No. 83, 84, 88 and 90, were effective for the current reporting period, but had no effect on the City's financial reporting.

The City has elected to delay implementation of these standards as applicable to the Authority in accordance with Standard No. 95 except for Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period which was implemented by the City in the current year.

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.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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 2020.

Stewardship

During 2020 expenditures in the Virginia G. Christiansen Trust Fund exceeded appropriations by \$3,556. This may be a violation of Colorado Revised Statute 29-1-110.

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 2020 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 \$1,951,389 of the City's bank balance of \$2,451,389 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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

- 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, 2020, 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.

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.

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

	Fair Market Value December 31, 2020
Ishares Core MSCI Emerging ETF	\$ 99,574
Ishares MSCI EAFE ETF	310,080
JPMorgan BetaBuilders Canada	136,270
Six Circles International	317,796
JPMorgan BetaBuilders Europe ETF	45,553
JPMorgan BetaBuilders Japan ETF	137,088
JPMorgan Betbuilders Dev Asia X-JPN	47,517
Vanguard TTL INTL BND-ADM	210,697
Six Circles Global Bond	252,897
Six Circles Credit Opport	88,355
Total	<u>\$ 1,645,827</u>

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.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Investment Type	Fair Value Measurements December 31, 2020 Using:			Credit Risk
	Level 2	1-5 years		
J.P. Morgan (Investments)	\$ 4,617,414	\$ 4,617,414		N/R
Cash on hand and in banks	2,361,545			
Money market funds	\$ 24,453			N/R
ColoTrust	<u>293,449</u>			
Cash and investments in custody of others	<u>317,902</u>			
Total deposits and investments	<u>\$ 7,296,861</u>			

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

<u>Government-wide Statement of Net Position</u>	
Cash and cash equivalents	2,049,505
Restricted cash and investments	<u>5,247,356</u>
	<u>\$ 7,296,861</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.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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 balances for the year ended December 31, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 411,904
General Fund	Virginia Christiansen Fund	21,557
General Fund	Capital Improvements Fund	330,176
Water and Sewer Fund	Capital Improvements Fund	64,942
		<u>\$ 828,579</u>

Interfund Transfers

The City reports interfund transfers between its funds. The transfers in the current year included amounts transferred from the Virginia Christiansen Trust Fund to both the General Fund and the Capital Improvements Fund for parks related projects. The Capital Improvements Fund also made transfers to the General Fund and the Water & Sewer Fund for capital related projects.

Interfund transfers for the year ended December 31, 2020 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Virginia Christiansen Fund	\$ 115,774
General Fund	Capital Improvements Fund	155,638
Capital Improvements Fund	Virginia Christiansen Fund	115,774
Water & Sewer Fund	Capital Improvements Fund	64,942
		<u>\$ 452,128</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Construction in Progress		\$ 65,608		65,608
Total capital assets not being depreciated	109,898	65,608	-	175,506
Capital assets being depreciated				
Buildings and Improvements	807,293	84,392	-	891,685
Infrastructure	2,476,062	118,034	-	2,594,096
Equipment	275,975	-	9,100	266,875
Vehicles	79,473	14,400	50,984	42,889
Total capital assets being depreciated	3,638,803	216,826	60,084	3,795,545
Less accumulated depreciation for:				
Buildings and Improvements	325,026	20,169	-	345,195
Infrastructure	227,723	64,923	-	292,646
Equipment	174,661	28,072	9,100	193,633
Vehicles	72,209	4,356	50,984	25,581
Total accumulated depreciation	799,619	117,520	60,084	857,055
Total capital assets being depreciated, net	2,839,184	99,306	-	2,938,490
Governmental Activities Capital Assets, Net	<u>\$ 2,949,082</u>	<u>\$ 164,914</u>	<u>\$ -</u>	<u>\$ 3,113,996</u>
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Construction in Progress		271,237		271,237
Total capital assets not being depreciated	32,457	271,237	-	303,694
Capital assets being depreciated				
Utility Plant	4,383,354	-	222	4,383,132
Equipment	123,096	5,413	18,523	109,986
Total capital assets being depreciated	4,506,450	5,413	18,745	4,493,118
Less accumulated depreciation for:	2,302,591	98,412	18,745	2,382,258
Total accumulated depreciation	2,302,591	98,412		2,382,258
Business-type Capital Assets, Net	<u>\$ 2,236,316</u>	<u>\$ 178,238</u>	<u>\$ 18,745</u>	<u>\$ 2,414,554</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

Governmental activities:	
General Government	\$ 6,331
Highways and Streets	94,145
Culture and recreation	17,044
Total depreciation expense - governmental activities	<u>\$ 117,520</u>
Business-type activities:	
Water services	\$ 88,599
Sewer services	9,813
Total depreciation expense - business-type activities	<u>\$ 98,412</u>

NOTE 6 LONG-TERM DEBT

	Balance 12/31/2019	Additions	Repayments	Balance 12/31/2020	Due Within One Year
<i>Governmental Activities</i>					
Capital Lease	\$ 86,222	\$ -	\$ 21,004	\$ 65,218	\$ 65,218
Compensated Absences	<u>-</u>	<u>21,604</u>	<u>4,259</u>	<u>17,345</u>	<u>4,259</u>
Governmental Activities Total	<u>\$ 86,222</u>	<u>\$ 21,604</u>	<u>\$ 25,263</u>	<u>\$ 82,563</u>	<u>\$ 69,477</u>

Capital Lease Payable

The City entered into a capital lease to finance the purchase of a Caterpillar Loader on February 3, 2016, due in 60 monthly payments of \$1,939 and ending February 2021, including interest of 2.95%, along with a final balloon payment of \$63,440. The following is a detail breakdown of the loan payments as of December 31, 2020 owed on the outstanding loan.

	Principal	Interest
2021	<u>\$ 65,218</u>	<u>\$ 160</u>
	<u>\$ 65,218</u>	<u>\$ 160</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

	Balance 12/31/2019	Additions	Repayments	Balance 12/31/2020	Due Within One Year
<i>Business-type Activities</i>					
Joint water and sewer					
Loan payable	\$ 874,201	\$ -	\$ 37,975	\$ 836,226	\$ 38,643
Business-type Activities Total	<u>\$ 874,201</u>	<u>\$ -</u>	<u>\$ 37,975</u>	<u>\$ 836,226</u>	<u>\$ 38,643</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, 2020 owed on the outstanding loan.

	Principal	Interest
2021	\$ 38,643	\$ 14,466
2022	39,323	13,786
2023	40,013	13,095
2024	40,716	12,392
2025	41,432	11,676
2026-2030	218,342	47,199
2031-2035	238,217	27,324
2036-2039	179,540	6,339
	<u>\$ 836,226</u>	<u>\$ 146,277</u>

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).

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

For the year ended December 31, 2020, employee contributions totaled \$9,022 and the City recognized pension expense of \$9,022. The City recognized \$0 of forfeitures in retirement expense during 2020. Nine employees were enrolled in the plan in 2020.

NOTE 8 RESTRICTED ASSETS

Governmental Activities

Cash in the amount of \$430,828 and investments in the amount of \$4,617,414 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 \$88,818 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 \$80,296 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 \$80,296 are recorded as restricted cash at December 31, 2020.

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,

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

- 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	\$ 247,213	\$ 100,974	\$ 348,187
Depreciation and Amortization Expense	88,599	9,813	\$ 98,412
Operating Income (Loss)	(148,490)	(60,651)	\$ (209,141)
Net Income (Loss)	(33,708)	(13,768)	\$ (47,476)

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.

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.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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.

COVID-19 Pandemic

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.

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.

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.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 15 PRIOR PERIOD ADJUSTMENT

Certain prior period transactions have been adjusted for more accurate presentation, and subsequently identified errors have been corrected. The table below illustrates these differences to effectively correct errors and restate prior year balances to conform to current year presentation:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Capital Improvements</u>	<u>Total</u>	<u>Water & Sewer</u>
Fund balance/ net position as previously as of December 31, 2019	1,548,962	336,276	9,583,775	1,862,893
Understatement of prior payroll related expenditures	(8,825)		(8,825)	
Understatement of prior tax-related revenues	59,814	9,580	69,394	
Overstatement of prior period expense				16,681
Overstatement of prior period water and sewer fees				(25,960)
Fund balance / net position as restated as of December 31, 2019	1,599,951	345,856	9,653,169	1,853,614
Unrecorded capital lease as of 12/31/2019			(86,222)	
Unrecorded capital equipment net of depreciation as of 12/31/2019			73,501	
Total government-wide net position as restated As of December 31, 2019			9,640,448	1,853,614

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, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 555,265	\$ 622,804	\$ 630,586	\$ 7,782
Licenses and Permits	15,500	8,813	9,023	210
Intergovernmental Revenue	213,500	356,597	181,097	(175,500)
Interest Income	12,000	7,766	7,968	202
Other Revenue	39,500	28,292	28,312	20
TOTAL REVENUES	835,765	1,024,272	856,986	(167,286)
EXPENDITURES				
General Government	972,370	866,006	560,970	305,036
Highways and Streets	436,260	287,714	195,874	91,840
Culture and Recreation	165,370	134,647	125,498	9,149
Debt Service				
Principal	-	-	21,004	(21,004)
Interest	-	-	2,261	(2,261)
Capital Outlay	-	-	282,433	(282,433)
TOTAL EXPENDITURES	1,574,000	1,288,367	1,188,040	100,327
Excess (deficiency) of revenues over expenditures	(738,235)	(264,095)	(331,054)	(66,959)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	422,623	288,059	271,412	(16,647)
TOTAL OTHER FINANCING SOURCES (USES)	422,623	288,059	271,412	(16,647)
Net Change in Fund Balance	(315,612)	23,964	(59,642)	(83,606)
Fund Balance, Beginning of Year, As Previously Stated	1,702,671	1,548,962	1,548,962	-
Prior Period Adjustment	-	-	50,989	50,989
Fund Balance, Beginning of Year, Restated	1,702,671	1,548,962	1,599,951	50,989
Fund Balance, End of Year	\$ 1,387,059	\$ 1,572,926	\$ 1,540,309	\$ (32,617)

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, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest Income	\$ 100,000	\$ 187,777	\$ 55,374	\$ (132,403)
Net Increase (Decrease) in Investment	-	-	459,330	459,330
TOTAL REVENUES	100,000	187,777	514,704	326,927
EXPENDITURES				
Culture and Recreation Distributions	180,000	61,882	65,438	(3,556)
TOTAL EXPENDITURES	180,000	61,882	65,438	(3,556)
Excess (deficiency) of revenues over expenditures	(80,000)	125,895	449,266	323,371
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(98,000)	(116,118)	(231,548)	(115,430)
TOTAL OTHER FINANCING SOURCES (USES)	(98,000)	(116,118)	(231,548)	(115,430)
Net Change in Fund Balance	(178,000)	9,777	217,718	207,941
Fund Balance, Beginning of Year	3,917,799	4,807,965	4,807,965	-
Fund Balance, End of Year	\$ 3,739,799	\$ 4,817,742	\$ 5,025,683	\$ 207,941

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, 2020

	<u>Special Revenue Fund</u>
	<u>CONSERVATION TRUST FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ 18,254
TOTAL ASSETS	<u>\$ 18,254</u>
LIABILITIES	
Accounts Payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
FUND BALANCE	
Restricted:	
Parks and Recreation	<u>18,254</u>
TOTAL FUND BALANCE	<u>18,254</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 18,254</u></u>

CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2020

	<u>Special Revenue Fund</u>
	<u>CONSERVATION TRUST FUND</u>
REVENUES	
Intergovernmental Revenue	
State Lottery	\$ 3,253
Levy Certification	-
Interest Income	8
TOTAL REVENUES	3,261
EXPENDITURES	
Culture and Recreation	-
TOTAL EXPENDITURES	-
Net Change in Fund Balance	3,261
Fund Balance, Beginning of Year	14,993
Fund Balance, End of Year	\$ 18,254

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, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 187,500	\$ 357,800	\$ 381,506	\$ 23,706
Interest Income	3,750	2,451	2,668	217
TOTAL REVENUES	191,250	360,251	384,174	23,923
EXPENDITURES				
General Government				
Capital Outlay	263,000	304,942	-	304,942
TOTAL EXPENDITURES	263,000	304,942	-	304,942
Excess (deficiency) of revenues over expenditures	(71,750)	55,309	384,174	328,865
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	50,000	58,059	115,774	57,715
Transfers To Other Funds	-	-	(220,580)	(220,580)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	58,059	(104,806)	(162,865)
Net Change in Fund Balance	(21,750)	113,368	279,368	(443,884)
Fund Balance at Beginning of year as previously stated	385,702	336,276	336,276	-
Prior period adjustment	-	-	9,580	9,580
Fund Balance at Beginning of year as restated	385,702	336,276	345,856	9,580
Fund Balance at End of year	\$ 363,952	\$ 449,644	\$ 625,224	\$ 175,580

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, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental Revenue				
State Lottery	\$ 2,700	\$ 3,253	\$ 3,253	\$ -
Interest Income	6	7	8	1
TOTAL REVENUES	2,706	3,260	3,261	1
EXPENDITURES				
Culture and Recreation	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Net Change in Fund Balance	2,706	3,260	3,261	1
Fund Balance, Beginning of Year	14,203	16,909	14,993	(1,916)
Fund Balance, End of Year	\$ 16,909	\$ 20,169	\$ 18,254	\$ (1,915)

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, 2020

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
OPERATING REVENUES				
Charges for Services	\$ 347,628	\$ 344,982	\$ 348,187	\$ 3,205
TOTAL OPERATING REVENUES	347,628	344,982	348,187	3,205
OPERATING EXPENSES				
Personnel Services	190,873	122,282	179,605	(57,323)
Materials and Supplies	14,000	839	20,494	(19,655)
Testing Fees	17,000	19,447	21,445	(1,998)
Professional Services	385,000	236,556	151,690	84,866
Repairs	23,000	64,942	33,794	31,148
Utilities	49,200	38,636	42,026	(3,390)
Other Expenses	19,200	9,775	9,862	(87)
TOTAL OPERATING EXPENSES	698,273	492,477	458,916	33,561
Operating Income (Loss)	(350,645)	(147,495)	(110,729)	36,766
NONOPERATING REVENUES (EXPENSES)				
Interest Income	500	506	541	35
Debt Service Payments	(114,312)	(53,108)	(55,547)	(2,439)
Other Revenue	11,500	903	10,316	9,413
TOTAL NONOPERATING REVENUES (EXPENSES)	(102,312)	(51,699)	(44,690)	7,009
Income (Loss) Before Other Revenue	(452,957)	(199,194)	(155,419)	43,775
Transfers In	71,250	64,942	64,942	-
Capital Contributions	162,500	134,393	103,438	(30,955)
Net Income (Loss) - Budgetary Basis	(219,207)	141	12,961	12,820
Less: Depreciation Expense			(98,412)	
Add: Principal Payments on Debt			37,975	
Change in Net Position - GAAP Basis			(47,476)	
Net Position, Beginning of Year, As Previously Stated	512,044	500,859	1,862,893	1,362,034
Prior Period Adjustment	-	-	(9,279)	(9,279)
Net Position, Beginning of Year - restated	512,044	500,859	1,853,614	1,352,755
Net Position, End of Year	\$ 292,837	\$ 501,000	\$ 1,806,138	\$ 1,305,138

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 :
This Information From The Records Of (example - City of _ or County)		Prepared By:
City of Creede		Phone:
		manager@creedetownhall.com
		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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	0
B. Private Contributions	
C. Receipts from State government (from page 2)	22,516
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	22,516

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	9,709
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	6,000
c. Other	1,807
d. Total (a. through c.)	7,807
4. General administration & miscellaneous	5,000
5. Highway law enforcement and safety	0
6. Total (1 through 5)	22,516
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
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)	22,516

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
	0	22,516	22,516	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	20,713	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)	22,516	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: