

TOWN OF DOVE CREEK, COLORADO

**Independent Accountants' Reports
And
Basic Financial Statements**

December 31, 2020

TOWN OF DOVE CREEK, COLORADO

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dove Creek, Colorado as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dove Creek, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Majors and Haley PC

Majors and Haley PC
Cortez, Colorado
June 10, 2021

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Dove Creek, Colorado's (Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2020. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The Town's net position decreased \$50,819 as a result of this year's operations.
 - Net position of governmental activities increased \$26,599, which represents a .9% increase.
 - Net position of business type activities decreased \$77,418 or 4.4%.
- The Town's total revenue was \$977,191 which is an increase of \$81,845 from \$895,346 in the prior year.
 - General revenues accounted for \$542,507 in revenue or 55.5% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$434,684 or the remaining 44.5%.
- The Town incurred \$1,028,010 in expenses which is a \$61,894 increase from \$969,058 in the prior year.
 - The general revenues of \$542,507 were not adequate by \$50,819 to cover the expenditures that were not offset by program specific revenues.
- The General Fund reported a \$28,736 increase in fund balance from \$2,783,807 to \$2,812,543. This is a 1% increase.
- The business type activities decrease in net position of \$77,418 consisted of a decrease in the Water Fund of \$56,397 and a decrease in the Sanitation Fund of \$21,021. Depreciation included was \$26,672 in the Water Fund and \$18,620 in the Sanitation Fund.

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

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

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

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

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

TOWN OF DOVE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

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

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

Fund Financial Statements

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

The Town uses two types of funds:

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

TOWN OF DOVE CREEK, COLORADO

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

For the Year Ended December 31, 2020

type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total Town's assets decreased by \$49,516. The current assets decreased \$2,086. The net capital assets decreased \$47,430. The Town's liabilities increased by \$725.

The Town's combined net position was smaller on December 31, 2020 than it was at December 31, 2019, decreasing by 1% to \$4,624,805. The net position of governmental activities increased \$26,599, to \$2,933,409. The net position of the Town's business type activities decreased \$77,418 to \$1,691,396.

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

**Table 1
Comparative Summary Statement of Net Position
December 31, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 2,954,756	\$ 2,924,366	\$ 911,357	\$ 943,833	\$ 3,866,113	\$ 3,868,199
Noncurrent assets			3,917	3,917	3,917	3,917
Capital assets	120,866	123,003	788,066	833,359	908,932	956,362
Total assets	3,075,622	3,047,369	1,703,340	1,781,109	4,778,962	4,828,478
Liabilities	14,448	13,372	11,944	12,295	26,392	25,667
Deferred Inflow of Resources	127,765	127,187			127,765	127,187
Net Position						
Net investment in capital assets	120,866	123,003	788,066	833,359	908,932	956,362
TABOR	100,000	100,000			100,000	100,000
Unrestricted	2,712,543	2,683,807	903,330	935,455	3,615,873	3,619,262
Total net assets	\$ 2,933,409	\$ 2,906,810	\$ 1,691,396	\$ 1,768,814	\$ 4,624,805	\$ 4,675,624

TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

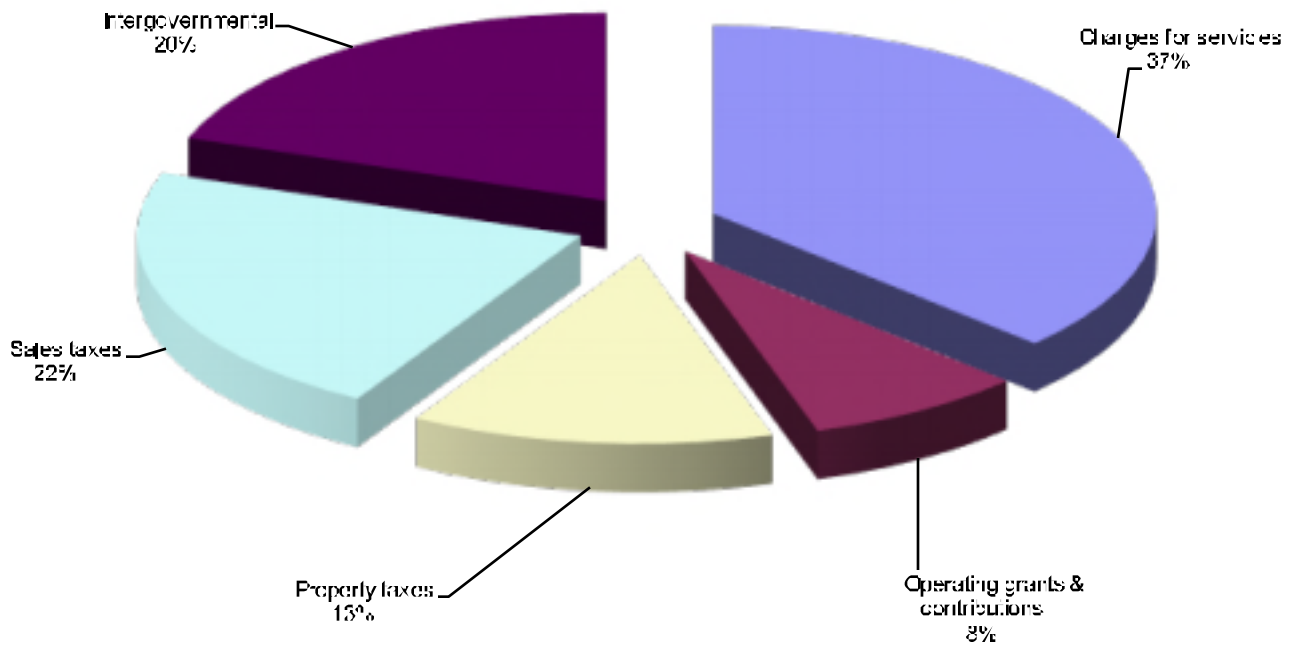
**Table 2
Comparative Summary Changes in Net Position
For the Year Ending December 31, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 34,130	\$ 37,610	\$ 325,361	\$ 293,326	\$ 359,491	\$ 330,936
Operating grants & contributions	78,135	92,415			78,135	92,415
General revenues						
Property taxes	127,880	123,934			127,880	123,934
Sales taxes	213,573	159,225			213,573	159,225
Other	199,753	215,147	1,301	1,248	201,054	216,395
Total revenues	653,471	628,331	326,662	294,574	980,133	922,905
Expenses						
General government	334,192	286,290			334,192	286,290
Public safety	97,090	109,993			97,090	109,993
Public works	132,942	99,511	404,080	362,536	537,022	462,047
Culture and recreation	62,648	71,961			62,648	71,961
Total expenses	626,872	567,755	404,080	362,536	1,030,952	930,291
Increase (decrease) in net position	\$ 26,599	\$ 60,576	\$ (77,418)	\$ (67,962)	\$ (50,819)	\$ (7,386)

Intergovernmental revenues accounted for 20% of the Town's total revenues. Another 35% came from property and sales taxes; 37% from charges for services; and the remaining 8% came from operating and capital grants and other revenue.

TOWN OF DOVE CREEK, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

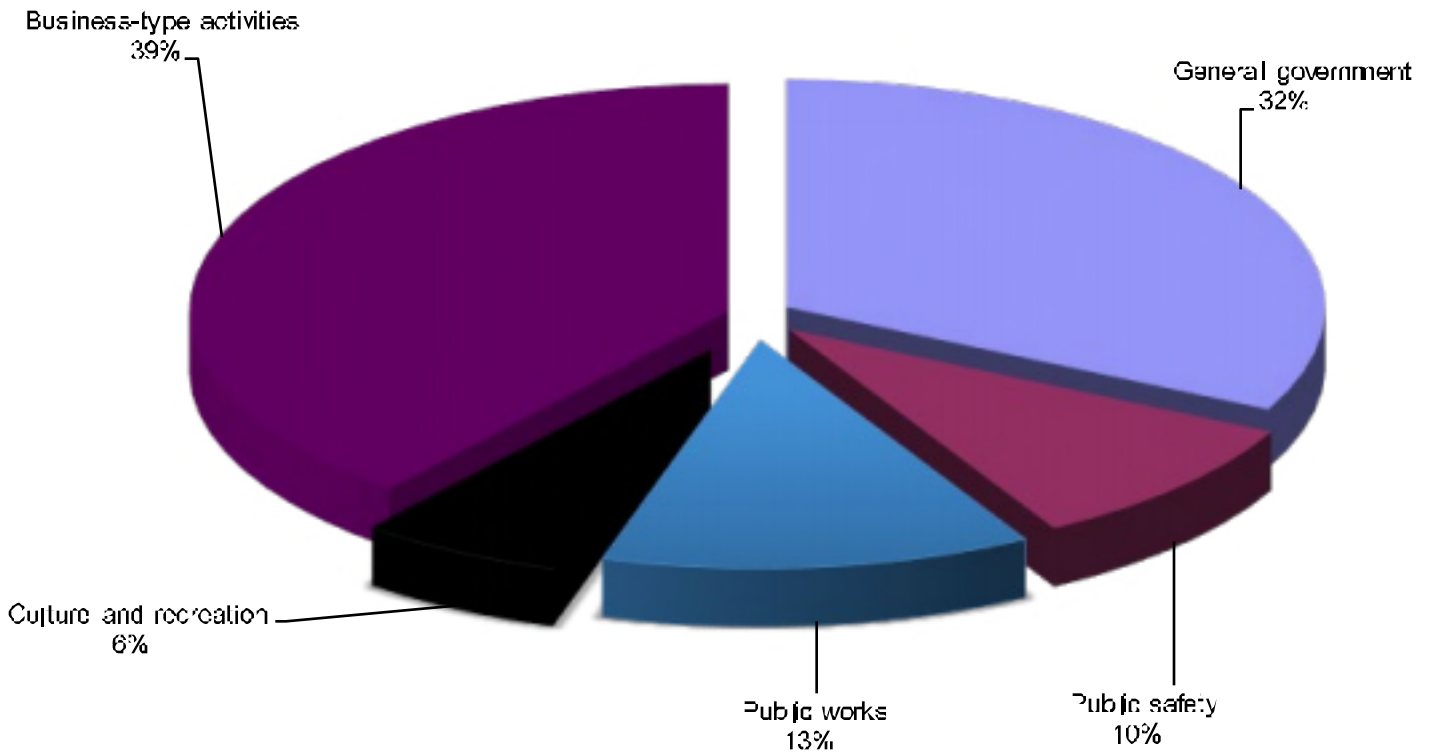
Table 3
Sources of Revenue for Fiscal Year 2020



The Town's expenses are predominately related to business-type activities, public safety and general government which are 39%, 10% and 32%. Public works was 13% and the Town's culture and recreation activities accounted for the balance of 6%.

TOWN OF DOVE CREEK, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

Table 4
Expenses for Fiscal Year 2020



TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

GOVERNMENTAL ACTIVITIES

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

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

**Table 5
Government Activities
For the Year Ending December 31, 2020 and 2019**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General government	\$ 331,250	\$ 318,734	\$ 317,394	\$ 273,637
Public safety	97,090	96,401	82,534	98,293
Public works	132,942	114,248	105,221	61,995
Culture and recreation	62,648	75,791	9,458	3,805
Total	\$ 623,930	\$ 605,174	\$ 514,607	\$ 437,730

The cost of all governmental activities during the year was \$623,930.

- \$34,130 of the cost was financed by the users of the Town's programs.
- Federal and state government subsidized certain programs with grants and contributions of \$75,193.
- However, \$514,607 was financed by state and town taxpayers. The general revenues of \$541,206 was adequate to cover this. The general revenues consist of \$124,696 in Mineral Leasing payments, \$134,641 in property and specific ownership taxes, \$213,573 in sales taxes and \$68,296 in other general revenues.

TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

BUSINESS-TYPE ACTIVITIES

Business-type activities are made up of the Water Fund and the Sanitation Fund. These programs had revenues of \$326,662 and expenses of \$404,080.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major governmental fund (the Town only has the General Fund) starts on page 15. This fund is accounted for using the modified accrual basis of accounting. The General Fund had revenues of \$650,529 and expenditures of \$621,793.

General Fund Budgetary Highlights

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

- Actual expenditures were \$372,207 less than budget in the General Fund, primarily because the Town budgets conservatively on expected revenues.

CAPITAL ASSET ADMINISTRATION

By the end of 2020, the Town has invested \$3,932,800 in land, buildings, and equipment (including vehicles), of this total \$380,344 was from governmental activities.

**Table 6
Capital Assets at December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Land	\$ 98,185	\$ 98,185	\$ 32,652	\$ 32,652	\$ 130,837	\$ 130,837
Buildings	69,648	69,648	519,547	519,547	589,195	589,195
Equipment/Facilities	212,511	212,511	3,000,257	3,000,257	3,212,768	3,212,768
Total	\$ 380,344	\$ 380,344	\$ 3,552,456	\$ 3,552,456	\$ 3,932,800	\$ 3,932,800

TOWN OF DOVE CREEK, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

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

FACTORS BEARING ON THE TOWN'S FUTURE

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF DOVE CREEK, COLORADO

Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash-unrestricted	\$ 2,717,388	\$ 969,285	\$ 3,686,673
Property tax receivable	127,765		127,765
Other receivables		22,092	22,092
Due from other funds	80,020	(80,020)	-
Due from other governments	29,583		29,583
Investments in water taps		3,917	3,917
Capital assets, net of depreciation	120,866	788,066	908,932
Total Assets	<u>3,075,622</u>	<u>1,703,340</u>	<u>4,778,962</u>
Liabilities			
Accounts payable	6,119	11,944	18,063
Accrued payroll tax liabilities	8,329		8,329
Total Liabilities	<u>14,448</u>	<u>11,944</u>	<u>26,392</u>
Deferred Inflow of Resources			
Unearned tax revenue	<u>127,765</u>		<u>127,765</u>
Net Position			
Net investment in capital assets	120,866	788,066	908,932
Restricted			
TABOR	100,000		100,000
Unrestricted	2,712,543	903,330	3,615,873
Total Net Position	<u>\$ 2,933,409</u>	<u>\$ 1,691,396</u>	<u>\$ 4,624,805</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Activities

For the Year Ended December 31, 2020

	Expenses	Program Revenues		Net (Expenses) Revenue And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities						
General government	\$ 331,250	\$ 13,856		\$ (317,394)		\$ (317,394)
Public safety	97,090	14,556		(82,534)		(82,534)
Public works	132,942		\$ 27,721	(105,221)		(105,221)
Culture and recreation	62,648	5,118	47,472	(9,458)		(9,458)
Total Governmental Activities	<u>623,930</u>	<u>34,130</u>	<u>75,193</u>	<u>(514,607)</u>		<u>(514,607)</u>
Business-Type Activities						
Water	302,381	245,632			\$ (56,749)	(56,749)
Sanitation	101,699	79,729			(21,970)	(21,970)
Total Business-Type Activities	<u>404,080</u>	<u>325,361</u>			<u>(78,719)</u>	<u>(78,719)</u>
Total Town	<u>\$ 1,028,010</u>	<u>\$ 359,491</u>	<u>\$ 75,193</u>	<u>(514,607)</u>	<u>(78,719)</u>	<u>(593,326)</u>

General Revenues

Property tax	127,880		127,880
Specific Ownership tax	6,761		6,761
Sales and Use tax	213,573		213,573
Motor Vehicle License Fees	3,340		3,340
Franchise tax	44,472		44,472
Road and Bridge Fee	1,111		1,111
Intergovernmental			
Mineral Leasing	124,696		124,696
Severance Tax	11,800		11,800
Tobacco Products tax	907		907
Earnings on investments		1,301	1,301
Total General Revenues	<u>547,206</u>	<u>1,301</u>	<u>542,507</u>
Change In Net Position	<u>26,599</u>	<u>(11,418)</u>	<u>(50,819)</u>
Net Position Beginning of the Year	2,906,810	1,768,817	4,675,627
Net Position End of the Year	<u>\$ 2,933,409</u>	<u>\$ 1,691,396</u>	<u>\$ 4,624,805</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Balance Sheet
Governmental Fund

December 31, 2020

		<u>General Fund</u>
Assets		
Cash-unrestricted	\$	2,717,388
Property tax receivable		127,765
Due from other funds		80,020
Due from other governments		29,583
Total Assets	\$	<u>2,954,756</u>
Liabilities		
Accounts payable	\$	6,119
Accrued payroll tax liabilities		8,329
Total Liabilities		<u>14,448</u>
Deferred Inflow of Resources		
Unearned tax revenue		<u>127,765</u>
Fund Balance		
Restricted		
TABOR		100,000
Assigned		
Subsequent year's expenditures		2,712,543
Total Fund Balance		<u>2,812,543</u>
Total Liabilities and Fund Balance	\$	<u>2,954,756</u>
 Reconciliation of the Governmental Fund Balance Sheet with the Statement of Net Position		
Total Fund Balance Governmental Fund	\$	2,812,543
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	\$	380,344
Accumulated depreciation		<u>(259,478)</u>
		120,866
Total Net Position Governmental Activities	\$	<u>2,933,409</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended December 31, 2020

	<u>General Fund</u>
Revenues	
Taxes	\$ 403,803
Licenses and permits	2,287
Intergovernmental	212,596
Charges for services	3,018
Fines and forfeitures	14,556
Miscellaneous	14,269
Total Revenues	<u>650,529</u>
Expenditures	
General government	330,877
Public safety	97,090
Public works	132,942
Culture and recreation	60,884
Total Expenditures	<u>621,793</u>
Excess revenues over (under) expenditures	<u>28,736</u>
Net Change in Fund Balances	28,736
Fund Balances beginning of the year	2,783,807
Fund Balances end of the year	<u><u>\$ 2,812,543</u></u>
 Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	
Net Change in Fund Balances Governmental Fund	\$ 28,736
 Amounts reported for governmental activities in the Statement of Activities are different because Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Capital outlay	\$ -
Depreciation expense	(2,137)
	<u>(2,137)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 26,599</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Net Position
 Proprietary Fund Types - Enterprise Funds
December 31, 2020

	Business-type Activities		
	Water	Sanitation	Total
Assets			
Current Assets			
Cash	\$ 480,636	\$ 488,649	\$ 969,285
Receivables-net			
Accounts receivable	15,358	6,734	22,092
Noncurrent Assets			
Investments in Water Taps	3,917		3,917
Capital assets, net of depreciation	520,861	267,205	788,066
Total Assets	<u>1,020,772</u>	<u>762,588</u>	<u>1,783,360</u>
Liabilities			
Current Liabilities			
Accounts payable	10,210	1,734	11,944
Due to other funds	38,618	41,402	80,020
Total Liabilities	<u>48,828</u>	<u>43,136</u>	<u>91,964</u>
Net Position			
Not investment in capital assets	520,861	267,205	788,066
Unrestricted	451,083	452,247	903,330
Total Net Position	<u>\$ 971,944</u>	<u>\$ 719,452</u>	<u>\$ 1,691,396</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund Types - Enterprise Funds
For the Year Ended December 31, 2020

	Business-type Activities		
	Water	Sanitation	Total
Operating revenues			
Water sales and sewer fees	\$ 192,261	\$ 74,001	\$ 266,262
Water sales - Colisius	14,050		14,050
Water dock	20,924		20,924
Miscellaneous revenue	18,397	5,728	24,125
Total operating revenues	<u>245,632</u>	<u>79,729</u>	<u>325,361</u>
Operating expenses			
Administration	6,932	1,067	7,999
Source of supply	41,422		41,422
Water and sewer treatment	200,007	82,012	282,019
Transmission and distribution	27,348		27,348
Depreciation	26,672	18,620	45,292
Total operating expenses	<u>302,381</u>	<u>101,699</u>	<u>404,080</u>
Operating income (loss)	<u>(56,749)</u>	<u>(21,970)</u>	<u>(78,719)</u>
Non-operating revenues (expenses)			
Interest revenue	352	949	1,301
Total non-operating revenues (expenses)	<u>352</u>	<u>949</u>	<u>1,301</u>
Change in net position	<u>(56,397)</u>	<u>(21,021)</u>	<u>(77,418)</u>
Net position beginning of the year	1,028,341	740,473	1,768,814
Net position end of the year	<u>\$ 971,944</u>	<u>\$ 719,452</u>	<u>\$ 1,691,396</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Statement of Cash Flows
 Proprietary Fund Type - Enterprise Funds

For the Year Ended December 31, 2020

	Business-type Activities		
	Water	Sanitation	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 241,218	\$ 73,500	\$ 314,718
Cash received from miscellaneous income	18,397	5,723	24,125
Cash payments to suppliers for goods and services	(240,081)	(46,569)	(286,650)
Net Cash Flows provided (used) by Operating Activities	19,564	32,659	52,223
Cash Flows from Investing Activities			
Interest Income	352	949	1,301
Net Increase (Decrease) in Cash and Cash Equivalents	19,916	33,608	53,524
Cash and Cash Equivalents - Beginning	160,720	455,044	915,761
Cash and Cash Equivalents - Ending	\$ 480,636	\$ 488,649	\$ 969,285
Reconciliation of operating income (loss) to Net Cash provided (used) by			
Operating Activities			
Operating income (loss)	\$ (56,749)	\$ (21,970)	\$ (78,719)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	26,672	18,620	45,292
Changes in Assets and Liabilities			
(Increase) Decrease in			
Receivables	14,013	(501)	13,512
Increase (Decrease) in			
Accounts Payable	(617)	266	(351)
Due to Other Funds	36,244	36,244	72,488
Net Cash provided (used) by Operating Activities	\$ 19,563	\$ 32,659	\$ 52,222

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 127,187	\$ 127,187	\$ 127,880	\$ 693
Specific ownership	4,000	4,000	6,761	2,761
General sales and use	100,000	100,000	213,573	113,573
Motor vehicle registration	1,800	1,800	3,340	1,540
Franchise	35,000	35,000	44,472	9,472
Road and Bridge Fee	6,000	6,000	7,777	1,777
Total taxes	273,987	273,987	403,803	129,816
Licenses and permits				
Business licenses and permits	500	500	1,744	1,244
Nonbusiness licenses and permits	500	500	543	43
Total licenses and permits	1,000	1,000	2,287	1,287
Intergovernmental revenues				
Mineral leasing	1,000	1,000	124,696	123,696
Severance	4,000	4,000	11,800	7,800
Highway users	25,000	25,000	27,721	2,721
Tobacco product	700	700	907	207
Lottery funds	4,500	4,500	7,508	3,008
Grants			39,964	39,964
Total intergovernmental revenues	35,200	35,200	212,596	177,396
Charges for services - recreation	2,000	2,000	3,018	1,018
Fines and forfeitures	8,000	8,000	14,556	6,556
Miscellaneous revenues - recreation	2,500	2,500	2,700	200
Miscellaneous revenues	5,000	5,000	11,569	6,569
Total revenues	327,687	327,687	650,529	322,842

Continued

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Legislative	5 22,000	\$ 22,000	\$ 19,167	\$ 2,833
Judicial	5,000	5,000	4,293	707
Elections	2,000	2,000	40	1,960
Administrative				
Salary	162,000	162,000	136,620	25,380
Payroll taxes	13,000	13,000	10,494	2,506
Employee benefits	65,000	65,000	57,770	7,230
Office	16,000	16,000	29,033	(13,033)
Printing and publications	3,000	3,000	1,119	1,881
Utilities and telephone	7,000	7,000	5,027	1,973
Legal	30,000	30,000	14,269	15,731
Auditing	8,000	8,000	7,500	500
Outside services	4,000	4,000	1,290	2,710
Insurance	22,000	22,000	18,373	3,627
Miscellaneous	5,000	5,000	23,315	(18,315)
Treasurer's fees	5,500	5,500	2,567	2,933
Total general government	369,500	369,500	330,877	38,623
Public safety				
Sherriff contract	130,000	130,000	83,993	46,007
Jail	1,500	1,500		1,500
Supplies	7,500	7,500	962	6,538
Animal control	15,000	15,000	12,135	2,865
Miscellaneous	2,500	2,500		2,500
Total public safety	156,500	156,500	97,090	59,410
Public works				
General labor	50,000	50,000	28,778	21,222
Payroll tax	4,000	4,000	2,288	1,712
Maintenance of condition	100,000	100,000	62,505	37,495
Snow and ice removal	4,000	4,000	25	3,975
Highway equipment	40,000	40,000	10,190	29,810
Repairs	10,000	10,000	9,871	129
Street lights	22,000	22,000	19,285	2,715
Total public works	230,000	230,000	132,942	97,058

Continued

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Culture and recreation				
Contract services	\$ 37,000	\$ 37,000	\$ 32,310	\$ 4,690
Operating supplies	3,500	3,500	2	3,498
Community Center and Park	15,000	15,000	11,187	3,813
Utilities and telephone	8,000	8,000	7,566	434
Insurance	2,500	2,500	2,000	500
Office	1,000	1,000	962	38
Sports and education	15,000	15,000	3,113	11,887
Janitorial	1,000	1,000	1,068	(68)
Repairs	4,000	4,000	261	3,739
Capital Outlay	150,000	150,000	2,415	147,585
Miscellaneous	1,000	1,000		1,000
Total Culture and recreation	238,000	238,000	60,884	177,116
Total expenditures	994,000	994,000	621,793	372,207
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(666,313)	(666,313)	28,736	695,049
Fund balance, beginning of the year	2,722,904	2,722,904	2,783,807	60,903
Fund balance, end of the year	\$ 2,056,591	\$ 2,056,591	\$ 2,812,543	\$ 755,952

The accompanying notes are an integral part of this statement.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Summary of Significant Accounting Policies - The Town of Dove Creek, Colorado's (the Town) financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

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

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

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

Government-wide and Fund Financial Statement Presentation

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

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

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

Measurement Focus and Basis of Accounting

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

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

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

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

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

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

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

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

The Town's major enterprise funds are:

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

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

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

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

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

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

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

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

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

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

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

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

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

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

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

Property Tax Revenue Recognition - Property taxes are billed and collected on behalf of the Town by the Dolores County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15 and are delinquent after February 28 and June 15, respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due or enforceable until the following year.

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

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

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

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

Public hearings are conducted to obtain comment.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

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

The Town Clerk is authorized to transfer budget amounts within the department. However, the Town Board must approve any revisions that alter the total expenditures of any department.

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

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

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

When determining categories of net position, it is assumed that the type of expenditures determines the primary use of net position. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Town considers restricted funds to have been spent first.

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

- Nonspendable fund balance represents assets that cannot be spent because of their form or legally or contractually must be maintained intact.
- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Town Board, the Town's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Town Board.
- Assigned fund balance displays the Town's intended use of these resources. The assigned fund balance amounts are assigned by the Town Board per the Town policy.
- Unassigned fund balance represents resources with residual net resources.

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

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

Custodial Credit Risk – for deposits is the risk that, in the event of a bank failure, the Town's deposits might not be received. However, there is no custodial risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). PDPA specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, 2020, the carrying amount of the Town's deposits was \$3,686,673 and the bank balance was \$3,714,125. The Town's bank balances at December 31, 2020 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town's agent bank in the name of governmental accounts of which the Town is a part.

Investments - At December 31, 2020, the Town had no investments other than \$3,917 invested in water taps within the Water Fund.

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2020

Are as follows:

	<u>Capital Assets Jan 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets Dec 31, 2020</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	<u>\$ 98,185</u>			<u>\$ 98,185</u>
Capital assets, being depreciated				
Buildings and improvements	69,648			69,648
Equipment and vehicles	212,511			212,511
Total capital assets being depreciated	<u>282,159</u>			<u>282,159</u>
Less accumulated depreciation	(257,341)	\$ (2,137)		(259,478)
Total capital assets being depreciated, net	<u>24,818</u>	<u>(2,137)</u>		<u>22,681</u>
Total governmental activities, net	<u>\$ 123,003</u>	<u>\$ (2,137)</u>	<u>\$ -</u>	<u>\$ 120,866</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	<u>\$ 32,652</u>			<u>\$ 32,652</u>
Capital assets, being depreciated				
Buildings and improvements	519,547			519,547
Equipment and facilities	3,000,257			3,000,257
Total capital assets being depreciated	<u>3,519,804</u>	<u>-</u>	<u>-</u>	<u>3,519,804</u>
Less accumulated depreciation	(2,719,098)	\$ (45,292)		(2,764,390)
Total capital assets being depreciated, net	<u>800,706</u>	<u>(45,292)</u>	<u>-</u>	<u>755,414</u>
Total business-type activities, net	<u>\$ 833,358</u>	<u>\$ (45,292)</u>	<u>\$ -</u>	<u>\$ 788,066</u>

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

Depreciation Expense	
General government	\$ 373
Culture and recreation	1,764
Total depreciation governmental activities	\$ 2,137

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

Interfund Receivables and Payables - consist of the following:

	Due To	Due From
General Fund	\$ 80,020	
Water Fund		\$ 38,618
Sanitation Fund		41,402
Total	\$ 80,020	\$ 80,020

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

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

Assigned - Designated for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance designated for subsequent year's expenditures consists of \$2,712,543 in the General Fund.

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

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

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

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

TOWN OF DOVE CREEK, COLORADO

Other Supplementary Information

December 31, 2020

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

These statements and schedules include:

Budgetary Comparison Schedule - Enterprise Fund-Water Fund

Budgetary Comparison Schedule - Enterprise Fund-Sanitation Fund

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

For the Year Ended December 31, 2022

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Water sales	\$ 160,000	\$ 160,000	\$ 192,261	\$ 32,261
Water sales-Celsius	14,050	14,050	14,050	-
Water dock	9,000	9,000	20,924	11,924
Miscellaneous revenue			18,397	18,397
Total operating revenues	183,050	183,050	245,632	62,582
Operating Expenses				
Administration				
Salaries	5,000	5,000		5,000
Payroll tax	1,500	1,500		1,500
Employee benefits	800	800	540	260
Office	5,000	5,000	5,649	(649)
Miscellaneous	1,000	1,000	743	257
Total administration	13,300	13,300	6,932	6,368
Source of supply				
Fuel and power	6,000	6,000	1,958	4,042
Repairs and maintenance	10,000	10,000		10,000
Water	35,000	35,000	29,948	5,052
O&M charges	8,000	8,000	5,666	2,334
Water dock	4,000	4,000	3,850	150
Total source of supply	63,000	63,000	41,422	21,578
Water treatment				
Salaries	30,000	30,000	33,574	(3,574)
Payroll tax	3,000	3,000	2,669	331
Employee benefits	70,000	70,000	37,602	32,398
Professional fees	48,000	48,000	75,030	(27,030)
Operating supplies	12,000	12,000	13,576	(1,576)
Insurance	7,000	7,000	4,000	3,000
Repairs and maintenance	5,500	5,500	32,971	(27,471)
Miscellaneous	3,000	3,000	585	2,415
Total water treatment	178,500	178,500	200,007	(21,507)
Transmission and distribution				
Chemicals	17,000	17,000	12,185	4,815
Fuel and power	12,000	12,000	9,363	2,637
Outside services	2,000	2,000	759	1,241
Insurance	6,000	6,000	4,000	2,000
Miscellaneous			1,041	(1,041)
Total transmission and distribution	37,000	37,000	27,348	9,652

Continued

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

For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		(Non GAAP Basis) <u>Actual</u> <u>Amounts</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Capital outlay	\$ 200,000	\$ 200,000		\$ 200,000
Total Operating Expenses	491,800	491,800	\$ 275,709	216,091
Operating income (loss)	(308,750)	(308,750)	(30,077)	278,673
Non-Operating Revenue (Expenses)				
Interest revenue	100	100	352	252
Total Non-Operating Revenue	100	100	352	252
Change in net position non GAAP basis	(308,650)	(308,650)	(29,725)	278,925
Add capital outlay			-	-
Less depreciation expense			(26,672)	(26,672)
Change in net position	(308,650)	(308,650)	(56,397)	252,253
Net position beginning of the year	556,174	556,174	1,028,341	472,167
Net position end of the year	\$ 247,524	\$ 247,524	\$ 971,944	\$ 724,420

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

For the Year Ended December 31, 2022

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
Sewer fees	\$ 65,000	\$ 65,000	\$ 74,001	\$ 9,001
Miscellaneous revenue	5,000	5,000	5,728	728
Total operating revenues	70,000	70,000	79,729	9,729
Operating Expenses				
Administration				
Salaries	8,500	8,500		8,500
Payroll tax	700	700		700
Office	800	800	1,067	(267)
Miscellaneous	500	500		500
Total administration	10,500	10,500	1,067	9,433
Sewer treatment				
Salaries	40,000	40,000	33,574	6,426
Payroll tax	3,000	3,000	2,669	331
Operating supplies	2,500	2,500	266	2,234
Chemicals	12,000	12,000	5,563	6,437
Fuel and power	12,000	12,000	14,699	(2,699)
Outside services	7,000	7,000	8,195	(1,195)
Repairs and maintenance	5,000	5,000	12,528	(7,528)
Insurance	4,000	4,000	3,000	1,000
Miscellaneous	2,500	2,500	1,518	982
Total sewer treatment	88,000	88,000	82,012	5,988
Capital outlay	20,000	20,000		20,000
Total Operating Expenses	118,500	118,500	83,079	35,421
Operating income (loss)	(48,500)	(48,500)	(3,350)	45,150
Non-Operating Revenue (Expenses)				
Interest revenue	500	500	949	449
Total Non-Operating Revenue	500	500	949	449
Change in net position non GAAP basis	(48,000)	(48,000)	(2,401)	45,599
Add capital outlay			-	-
Less depreciation expense			(18,620)	(18,620)
Change in net position	(48,000)	(48,000)	(21,021)	26,979
Net position beginning of the year	452,844	452,844	420,473	287,629
Net position end of the year	\$ 404,844	\$ 404,844	\$ 399,452	\$ 314,608

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Dove Creek Colorado
This Information From The Records Of Town of Dove Creek Colorado		Year Ending: December 31, 2020
Prepared By Plane:		Majors and Haley PC 970-565-9521

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance	93,571
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	19,285
2. General fund appropriations		b. Snow and ice removal	25
3. Other local income (from page 2)	101,881	c. Other -	20,051
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	39,361
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1. through 5.)	132,942
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	101,881	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,061	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
6. Total receipts (A.7 + B + C. + D.)	132,942	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1. + 2.c.)	0
		C. Payments to State for Highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D.)	132,942

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

	Opening Deb.	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
		132,942	132,942		0

Notes and Comments:

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic fines & Penalties	
1. Sales Taxes	87,345	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,777	d. Parking Meter Fees	
3. Licenses		e. Sale of Surplus Property	
4. Licenses	6	f. Charges for Services	
5. Specific Ownership & or Other	6,761	g. Other Misc. Receipts	
6. Total (2. through 5.)	101,881	h. Other	
c. Total (a. + b.)	101,881	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	27,721	1. FHWA (Item Item 1.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State Funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,340	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,340	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.)	31,061	3. Total (1. + 2.g)	0
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: