

**TOWN OF DOVE CREEK, COLORADO**

Independent Accountants' Reports  
And  
Basic Financial Statements

December 31, 2021

**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

**Opinions**

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents

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, Colorado, as of December 31, 2021, 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Dove Creek, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Town of Dove Creek, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Dove Creek, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dove Creek, Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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.

### **Supplemental 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 budgetary comparison schedules for the Water and Sanitation Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises information required by oversight authorities including the Local Highway Finance Report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

*Majors and Haley P.C.*

Majors and Haley PC  
Cortez, Colorado  
May 31, 2022

## TOWN OF DOVE CREEK, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

#### 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, 2021. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, as listed in the table of contents.

#### FINANCIAL HIGHLIGHTS

- The Town's net position decreased \$42,198 as a result of this year's operations.
  - Net position of governmental activities increased \$30,411, which represents a 1% increase.
  - Net position of business type activities decreased \$72,609 or 4.3%.
- The Town's total revenue was \$954,003 which is a decrease of \$23,188 from \$977,191 in the prior year.
  - General revenues accounted for \$501,414 in revenue or 52.6% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$452,589 or the remaining 47.4%.
- The Town incurred \$996,201 in expenses which is a \$31,809 decrease from \$1,028,010 in the prior year.
  - The general revenues of \$501,414 were not adequate by \$42,198 to cover the expenditures that were not offset by program specific revenues.
- The General Fund reported a \$172,809 decrease in fund balance from \$2,812,543 to \$2,639,734. This is a 6.1% decrease. The General Fund had \$590,176 in capital outlay.
- The business type activities decrease in net position of \$72,609 consisted of a decrease in the Water Fund of \$49,701 and a decrease in the Sanitation Fund of \$22,908. Depreciation included was \$33,656 in the Water Fund and \$18,395 in the Sanitation Fund. Capital outlay was \$39,839 in the Water Fund. The Sanitation Fund did not have any capital outlay. The net decrease in cash was \$61,293 and \$3,401 for the Water and Sanitation Funds.

## TOWN OF DOVE CREEK, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

#### **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, 2021

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

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

#### **Fund Financial Statements**

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

The Town uses two types of funds:

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

**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Total Town's assets increased by \$379,775. The current assets decreased \$157,724 and the noncurrent assets increased \$537,499. The Town's liabilities increased by \$425,594. The current liabilities increased \$88,042 and the noncurrent liabilities increased \$337,552.

The Town's combined net position was smaller on December 31, 2021 than it was at December 31, 2020, decreasing by .9% to \$4,582,607. The net position of governmental activities increased \$30,411 to \$2,963,820. The net position of the Town's business type activities decreased \$72,609 to \$1,618,787.

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, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current assets	\$ 2,858,893	\$ 2,954,756	\$ 849,496	\$ 911,357	\$ 3,708,389	\$ 3,866,113
Noncurrent assets			3,917	3,917	3,917	3,917
Capital assets net of depr	324,086	120,866	775,853	788,066	1,099,939	908,932
Operating lease right of use asset			346,492		346,492	
<b>Total assets</b>	<b>3,182,979</b>	<b>3,075,622</b>	<b>1,975,758</b>	<b>1,703,340</b>	<b>5,158,737</b>	<b>4,778,962</b>
<b>Liabilities</b>						
Current liabilities	95,015	14,448	19,419	11,944	114,434	26,392
Noncurrent liabilities			337,552		337,552	-
<b>Total liabilities</b>	<b>95,015</b>	<b>14,448</b>	<b>356,971</b>	<b>11,944</b>	<b>451,986</b>	<b>26,392</b>
<b>Deferred Inflow of Resources</b>	<b>124,144</b>	<b>127,765</b>			<b>124,144</b>	<b>127,765</b>
<b>Net Position</b>						
Net Invested in capital assets	324,086	120,866	775,853	788,066	1,099,939	908,932
TABOR	100,000	100,000			100,000	100,000
Unrestricted	2,539,734	2,712,543	842,934	903,330	3,382,668	3,615,873
<b>Total net assets</b>	<b>\$ 2,963,820</b>	<b>\$ 2,933,409</b>	<b>\$ 1,618,787</b>	<b>\$ 1,691,396</b>	<b>\$ 4,582,607</b>	<b>\$ 4,624,805</b>

**TOWN OF DOVE CREEK, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021

**Table 2**  
**Comparative Summary Changes in Net Position**  
**For the Year Ending December 31, 2021 and 2020**

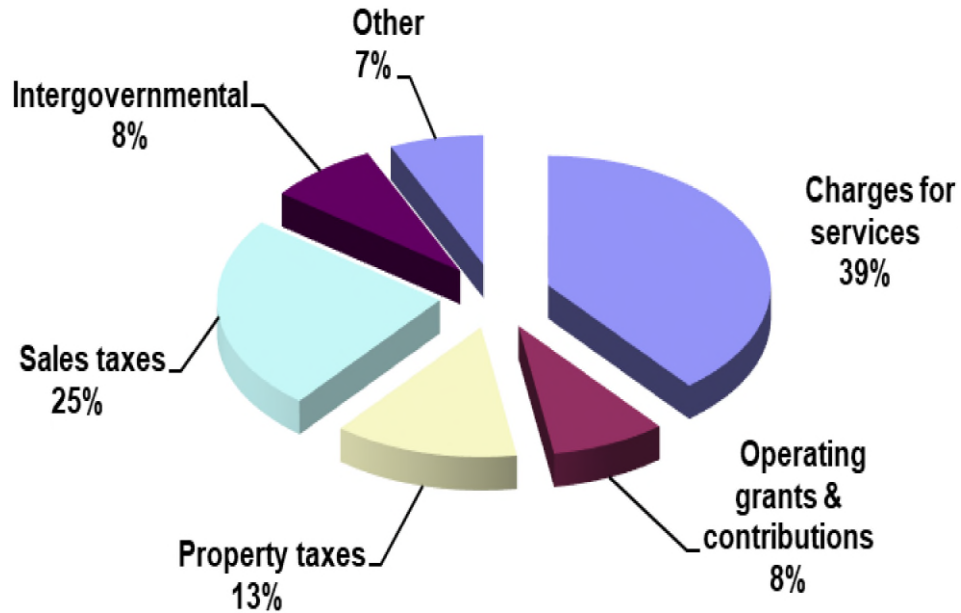
	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 68,232	\$ 34,130	\$ 304,849	\$ 325,361	\$ 373,081	\$ 359,491
Operating grants & contributions	79,508	78,135			79,508	78,135
General revenues						
Property taxes	127,686	127,880			127,686	127,880
Sales taxes	232,663	213,573			232,663	213,573
Other	139,937	199,753	1,128	1,301	141,065	201,054
<b>Total revenues</b>	<b>648,026</b>	<b>653,471</b>	<b>305,977</b>	<b>326,662</b>	<b>954,003</b>	<b>980,133</b>
Expenses						
General government	313,665	334,192			313,665	334,192
Public safety	96,394	97,090			96,394	97,090
Public works	135,518	132,942	378,586	404,080	514,104	537,022
Culture and recreation	72,038	62,648			72,038	62,648
<b>Total expenses</b>	<b>617,615</b>	<b>626,872</b>	<b>378,586</b>	<b>404,080</b>	<b>996,201</b>	<b>1,030,952</b>
<b>Increase (decrease) in net position</b>	<b>\$ 30,411</b>	<b>\$ 26,599</b>	<b>\$ (72,609)</b>	<b>\$ (77,418)</b>	<b>\$ (42,198)</b>	<b>\$ (50,819)</b>

**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021**

Intergovernmental revenues accounted for 8% of the Town's total revenues. Another 38% came from property and sales taxes; 39% from charges for services; and the remaining 15% came from operating and capital grants and other revenue.

**Table 3  
Sources of Revenue for Fiscal Year 2021**

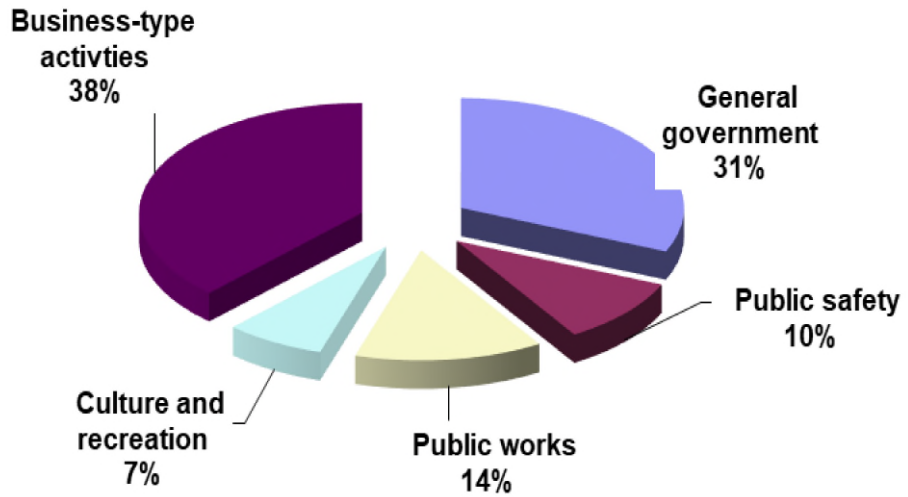


**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021**

The Town's expenses are predominately related to business-type activities, public safety and general government which are 38%, 10% and 31%. Public works was 14% and the Town's culture and recreation activities accounted for the balance of 7%.

***Table 4  
Expenses for Fiscal Year 2021***



**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021**

**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, 2021 and 2020**

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 313,665	\$ 331,250	\$ 252,103	\$ 317,394
Public safety	96,394	97,090	64,706	82,534
Public works	135,518	132,942	102,451	105,221
Culture and recreation	72,038	62,648	50,615	9,458
Total	<u>\$ 617,615</u>	<u>\$ 623,930</u>	<u>\$ 469,875</u>	<u>\$ 514,607</u>

The cost of all governmental activities during the year was \$617,615.

- \$68,232 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 \$79,508.
- However, \$469,875 was financed by state and town taxpayers. The general revenues of \$500,286 was adequate to cover this. The general revenues consist of \$74,477 in Mineral Leasing payments, \$134,922 in property and specific ownership taxes, \$232,663 in sales taxes and \$58,224 in other general revenues.

**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021**

***BUSINESS-TYPE ACTIVITIES***

Business-type activities are made up of the Water Fund and the Sanitation Fund. These programs had revenues of \$305,977 and expenses of \$378,586.

***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 16. This fund is accounted for using the modified accrual basis of accounting. The General Fund had revenues of \$648,026 and expenditures of \$820,835.

***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 \$252,997 less than budget in the General Fund, primarily because the Town budgets conservatively on expected revenues.

***CAPITAL ASSET ADMINISTRATION***

By the end of 2021, the Town has invested \$4,182,470 in land, buildings, and equipment (including vehicles), of this total \$590,176 was from governmental activities.

***Table 6  
Capital Assets at December 31, 2021 and 2020***

	Governmental Activities		Business-Type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Land	\$ 158,185	\$ 98,185	\$ 32,652	\$ 32,652	\$ 190,837	\$ 130,837
Buildings	183,680	69,648	519,547	519,547	703,227	589,195
Equipment/Facilities	248,311	212,511	3,040,095	3,000,257	3,288,406	3,212,768
Total	<u>\$ 590,176</u>	<u>\$ 380,344</u>	<u>\$ 3,592,294</u>	<u>\$ 3,552,456</u>	<u>\$ 4,182,470</u>	<u>\$ 3,932,800</u>

**TOWN OF DOVE CREEK, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2021**

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 31 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, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets			
Cash-unrestricted	\$ 2,625,147	\$ 904,591	\$ 3,529,738
Property tax receivable	124,144		124,144
Other receivables		20,295	20,295
Due from other funds	75,390	(75,390)	-
Due from other governments	34,212		34,212
Noncurrent assets			
Investments in water taps		3,917	3,917
Capital assets, net of depreciation	324,086	775,853	1,099,939
Operating lease right of use asset		346,492	346,492
<b>Total Assets</b>	3,182,979	1,975,758	5,158,737
<b>Liabilities</b>			
Current liabilities			
Accounts payable	7,662	10,479	18,141
Accrued payroll tax liabilities	7,675		7,675
Unearned grant revenue	79,678		79,678
Long-term liabilities			
Operating lease liability			
Due within one year		8,940	8,940
Due in more than one year		337,552	337,552
<b>Total Liabilities</b>	95,015	356,971	451,986
<b>Deferred Inflow of Resources</b>			
Unearned tax revenue	124,144		124,144
<b>Net Position</b>			
Net investment in capital assets	324,086	775,853	1,099,939
Restricted			
TABOR	100,000		100,000
Unrestricted	2,539,734	842,934	3,382,668
<b>Total Net Position</b>	\$ 2,963,820	\$ 1,618,787	\$ 4,582,607

The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**  
Statement of Activities

For the Year Ended December 31, 2021

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 313,665	\$ 22,797	\$ 38,765	\$ (252,103)		\$ (252,103)
Public safety	96,394	31,688		(64,706)		(64,706)
Public works	135,518		33,067	(102,451)		(102,451)
Culture and recreation	72,038	13,747	7,676	(50,615)		(50,615)
<b>Total Governmental Activities</b>	<u>617,615</u>	<u>68,232</u>	<u>79,508</u>	<u>(469,875)</u>		<u>(469,875)</u>
<b>Business-Type Activities</b>						
Water	273,711	223,836			\$ (49,875)	(49,875)
Sanitation	104,875	81,013			(23,862)	(23,862)
<b>Total Business-Type Activities</b>	<u>378,586</u>	<u>304,849</u>			<u>(73,737)</u>	<u>(73,737)</u>
<b>Total Town</b>	<u>\$ 996,201</u>	<u>\$ 373,081</u>	<u>\$ 79,508</u>	<u>(469,875)</u>	<u>(73,737)</u>	<u>(543,612)</u>

**General Revenues**

Property tax	127,686		127,686
Specific Ownership tax	7,236		7,236
Sales and Use tax	232,663		232,663
Motor Vehicle License Fees	3,432		3,432
Franchise tax	45,504		45,504
Road and Bridge Fee	7,804		7,804
Intergovernmental			
Mineral Leasing	74,477		74,477
Severance Tax	544		544
Tobacco Products tax	940		940
Earnings on investments		1,128	1,128
<b>Total General Revenues</b>	<u>500,286</u>	<u>1,128</u>	<u>501,414</u>
<b>Change in Net Position</b>	30,411	(72,609)	(42,198)
Net Position Beginning of the Year	2,933,409	1,691,396	4,624,805
<b>Net Position End of the Year</b>	<u>\$ 2,963,820</u>	<u>\$ 1,618,787</u>	<u>\$ 4,582,607</u>

The accompanying notes are an integral part of this statement.

**TOWN OF DOVE CREEK, COLORADO**

Balance Sheet  
Governmental Fund

December 31, 2021

	General Fund
<b>Assets</b>	
Cash-unrestricted	\$ 2,625,147
Property tax receivable	124,144
Due from other funds	75,390
Due from other governments	34,212
<b>Total Assets</b>	<b>\$ 2,858,893</b>
<b>Liabilities</b>	
Accounts payable	\$ 7,662
Accrued payroll tax liabilities	7,675
Unearned grant revenue	79,678
<b>Total Liabilities</b>	<b>95,015</b>
<b>Deferred Inflow of Resources</b>	
Unearned revenue property tax	124,144
<b>Fund Balance</b>	
Restricted	
TABOR	100,000
Assigned	
Subsequent year's expenditures	2,539,734
<b>Total Fund Balance</b>	<b>2,639,734</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,858,893</b>

**Reconciliation of the Governmental Fund Balance Sheet  
with the Statement of Net Position**

<b>Total Fund Balance Governmental Fund</b>	\$	2,639,734
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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 as assets in governmental funds.

Capital assets	\$	590,176	
Accumulated depreciation		(266,090)	
		324,086	

<b>Total Net Position Governmental Activities</b>	<b>\$</b>	<b>2,963,820</b>
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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, 2021

	General Fund
<b>Revenues</b>	
Taxes	\$ 424,325
Licenses and permits	1,490
Intergovernmental	155,469
Charges for services	2,839
Fines and forfeitures	31,688
Miscellaneous	32,215
<b>Total Revenues</b>	648,026
<b>Expenditures</b>	
General government	308,817
Public safety	96,394
Public works	135,518
Culture and recreation	70,274
Capital outlay	209,832
<b>Total Expenditures</b>	820,835
<b>Excess revenues over (under) expenditures</b>	(172,809)
<b>Net Change in Fund Balances</b>	(172,809)
Fund Balances beginning of the year	2,812,543
<b>Fund Balances end of the year</b>	\$ 2,639,734
 <b>Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities</b>	
<b>Net Change in Fund Balances Governmental Fund</b>	\$ (172,809)
<p>Amounts reported for governmental activities in the Statement of Activities are different because Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	
Capital outlay	\$ 209,832
Depreciation expense	(6,612)
	203,220
<b>Change in Net Position of Governmental Activities</b>	\$ 30,411

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, 2021

	Business-type Activities		
	Water	Sanitation	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 419,343	\$ 485,248	\$ 904,591
Receivables-net			
Accounts receivable	14,500	5,795	20,295
<b>Noncurrent Assets</b>			
Investments in Water Taps	3,917		3,917
Capital assets, net of depreciation	527,043	248,810	775,853
Operating lease right of use asset	346,492		346,492
<b>Total Assets</b>	<b>1,311,295</b>	<b>739,853</b>	<b>2,051,148</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	8,093	2,386	10,479
Due to other funds	34,467	40,923	75,390
Current portion of operating lease liability	8,940		8,940
<b>Noncurrent Liabilities</b>			
Operating lease liability	337,552		337,552
<b>Total Liabilities</b>	<b>389,052</b>	<b>43,309</b>	<b>432,361</b>
<b>Net Position</b>			
Net investment in capital assets	527,043	248,810	775,853
Unrestricted	395,200	447,734	842,934
<b>Total Net Position</b>	<b>\$ 922,243</b>	<b>\$ 696,544</b>	<b>\$ 1,618,787</b>

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, 2021

	Business-type Activities		
	Water	Sanitation	Total
<b>Operating revenues</b>			
Water sales and sewer fees	\$ 187,965	\$ 74,635	\$ 262,600
Water sales - Celsius	14,050		14,050
Water dock	18,421		18,421
Water tap fees	3,000		3,000
Miscellaneous revenue	400	6,378	6,778
<b>Total operating revenues</b>	223,836	81,013	304,849
<b>Operating expenses</b>			
Administration	10,254	1,229	11,483
Source of supply	58,699		58,699
Water and sewer treatment	132,315	85,251	217,566
Transmission and distribution	38,787		38,787
Depreciation	33,656	18,395	52,051
<b>Total operating expenses</b>	273,711	104,875	378,586
Operating income (loss)	(49,875)	(23,862)	(73,737)
<b>Non-operating revenues (expenses)</b>			
Interest revenue	174	954	1,128
<b>Total non-operating revenues (expenses)</b>	174	954	1,128
<b>Change in net position</b>	(49,701)	(22,908)	(72,609)
Net position beginning of the year	971,944	719,452	1,691,396
<b>Net position end of the year</b>	\$ 922,243	\$ 696,544	\$ 1,618,787

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, 2021

	Business-type Activities		
	Water	Sanitation	Total
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 224,294	\$ 75,574	\$ 299,868
Cash received from miscellaneous income	400	6,378	6,778
Cash payments to employees for services	(45,755)	(41,404)	(87,159)
Cash payments to suppliers for goods and services	(200,567)	(44,903)	(245,470)
<b>Net Cash Flows provided (used) by Operating Activities</b>	<b>(21,628)</b>	<b>(4,355)</b>	<b>(25,983)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital asset acquisitions	(39,839)		(39,839)
<b>Net Cash Flows provided (used) by Capital and Financing Activities</b>	<b>(39,839)</b>		<b>(39,839)</b>
<b>Cash Flows from Investing Activities</b>			
Interest Income	174	954	1,128
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(61,293)</b>	<b>(3,401)</b>	<b>(24,855)</b>
Cash and Cash Equivalents - Beginning	480,636	488,649	969,285
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 419,343</b>	<b>\$ 485,248</b>	<b>\$ 944,430</b>
<b>Reconciliation of operating income (loss) to Net Cash provided (used) by</b>			
<b>Operating Activities</b>			
Operating income (loss)	\$ (49,875)	\$ (23,862)	\$ (73,737)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	33,656	18,395	52,051
Changes in Assets and Liabilities			
(Increase) Decrease in Receivables	858	939	1,797
Increase (Decrease) in Accounts Payable	(2,116)	652	(1,464)
Due to Other Funds	(4,151)	(479)	(4,630)
<b>Net Cash provided (used) by Operating Activities</b>	<b>\$ (21,628)</b>	<b>\$ (4,355)</b>	<b>\$ (25,983)</b>
<b>Supplemental Cash Flows Information</b>			
Right of use assets obtained in exchange for lease obligations			
Operating lease			
Principal	\$ 22,002		\$ 22,002
Interest	7,946		7,946
<b>Total</b>	<b>\$ 29,948</b>	<b>\$ -</b>	<b>\$ 29,948</b>

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, 2021

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 127,765	\$ 127,765	\$ 127,686	\$ (79)
Specific ownership	4,000	4,000	7,236	3,236
General sales and use	100,000	100,000	232,663	132,663
Motor vehicle registration	1,800	1,800	3,432	1,632
Franchise	35,000	35,000	45,504	10,504
Road and Bridge Fee	6,000	6,000	7,804	1,804
<b>Total taxes</b>	<b>274,565</b>	<b>274,565</b>	<b>424,325</b>	<b>149,760</b>
Licenses and permits				
Business licenses and permits	500	500	900	400
Nonbusiness licenses and permits	500	500	590	90
<b>Total licenses and permits</b>	<b>1,000</b>	<b>1,000</b>	<b>1,490</b>	<b>490</b>
Intergovernmental revenues				
Mineral leasing	1,000	1,000	74,477	73,477
Severance	4,000	4,000	544	(3,456)
Highway users	25,000	25,000	33,067	8,067
Tobacco product	500	500	940	440
Lottery funds	4,500	4,500	7,676	3,176
Grants			38,765	38,765
<b>Total intergovernmental revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>155,469</b>	<b>120,469</b>
Charges for services - recreation	2,000	2,000	2,839	839
Fines and forfeitures	8,000	8,000	31,688	23,688
Miscellaneous revenues - recreation	2,500	2,500	10,908	8,408
Miscellaneous revenues	5,000	5,000	21,307	16,307
<b>Total revenues</b>	<b>328,065</b>	<b>328,065</b>	<b>648,026</b>	<b>319,961</b>

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, 2021

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
General government				
Legislative	\$ 22,000	\$ 22,000	\$ 15,271	\$ 6,729
Judicial	5,000	5,000	3,963	1,037
Elections	2,000	2,000		2,000
Administrative				
Salary	162,000	162,000	111,208	50,792
Payroll taxes	13,000	13,000	8,677	4,323
Employee benefits	65,000	65,000	61,769	3,231
Office	20,000	20,000	24,228	(4,228)
Printing and publications	3,000	3,000	1,666	1,334
Utilities and telephone	7,000	7,000	7,549	(549)
Legal	30,000	30,000	18,675	11,325
Auditing	8,000	8,000	8,000	-
Outside services	4,000	4,000	2,851	1,149
Insurance	22,000	22,000	18,058	3,942
Miscellaneous	5,000	5,000	24,323	(19,323)
Treasurer's fees	5,500	5,500	2,579	2,921
Total general government	<u>373,500</u>	<u>373,500</u>	<u>308,817</u>	<u>64,683</u>
Public safety				
Sherriff contract	100,000	100,000	83,993	16,007
Jail	1,500	1,500		1,500
Supplies	7,500	7,500		7,500
Animal control	15,000	15,000	11,066	3,934
Code enforcement	25,000	25,000	1,231	23,769
Miscellaneous	2,500	2,500	104	2,396
Total public safety	<u>151,500</u>	<u>151,500</u>	<u>96,394</u>	<u>55,106</u>
Public works				
Director	40,000	40,000	22,847	17,153
General labor	10,000	10,000	32,493	(22,493)
Payroll tax	4,000	4,000	4,392	(392)
Maintenance of condition	100,000	100,000	33,981	66,019
Snow and ice removal	4,000	4,000	3,468	532
Highway equipment	40,000	40,000	12,272	27,728
Repairs	10,000	10,000	7,552	2,448
Street lights	22,000	22,000	18,513	3,487
Total public works	<u>230,000</u>	<u>230,000</u>	<u>135,518</u>	<u>94,482</u>

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Culture and recreation				
Recreation director	\$ 35,000	\$ 35,000	\$ 17,827	\$ 17,173
Payroll tax			642	(642)
Operating supplies	3,500	3,500		3,500
Community Center and Park	25,000	25,000	17,708	7,292
Utilities and telephone	10,000	10,000	8,205	1,795
Insurance	2,500	2,500	2,000	500
Office	1,000	1,000	994	6
Sports and education	15,000	15,000	17,545	(2,545)
Janitorial	1,000	1,000	1,201	(201)
Repairs	15,000	15,000	4,152	10,848
Miscellaneous	1,000	1,000		1,000
<b>Total Culture and recreation</b>	<b>109,000</b>	<b>109,000</b>	<b>70,274</b>	<b>38,726</b>
<b>Capital Outlay</b>	<b>125,000</b>	<b>292,500</b>	<b>209,832</b>	<b>82,668</b>
<b>Total expenditures</b>	<b>989,000</b>	<b>1,156,500</b>	<b>820,835</b>	<b>335,665</b>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(660,935)</b>	<b>(828,435)</b>	<b>(172,809)</b>	<b>655,626</b>
Fund balance, beginning of the year	2,737,189	2,737,189	2,812,543	75,354
<b>Fund balance, end of the year</b>	<b>\$ 2,076,254</b>	<b>\$ 1,908,754</b>	<b>\$ 2,639,734</b>	<b>\$ 730,980</b>

The accompanying notes are an integral part of this statement.

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

***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 based on criteria set forth in GASB Statement 61, the financial reporting entity omnibus an amendment of GASB Statement 14 and 34.

#### **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, 2021

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 Towns 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 governmental-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, 2021

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

**TOWN OF DOVE CREEK, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2021

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

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

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

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

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

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

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

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

***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.

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.

## TOWN OF DOVE CREEK, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.
- 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.

**TOWN OF DOVE CREEK, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2021

- 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, 2021, the carrying amount of the Town's deposits was \$3,529,738 and the bank balance was \$3,553,417. The Town's bank balances at December 31, 2021 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, 2021, 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, 2021

**Capital Assets** – Capital asset activity for the fiscal year ended December 31, 2021

Are as follows:

	<u>Capital Assets Jan 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets Dec 31, 2021</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	<u>\$ 98,185</u>	<u>\$ 60,000</u>		<u>\$ 158,185</u>
Capital assets, being depreciated				
Buildings and improvements	69,648	114,032		183,680
Equipment and vehicles	212,511	35,800		248,311
Total capital assets being depreciated	<u>282,159</u>	<u>149,832</u>		<u>431,991</u>
Less accumulated depreciation	(259,478)	(6,612)		(266,090)
Total capital assets being depreciated, net	<u>22,681</u>	<u>143,220</u>		<u>165,901</u>
Total governmental activities, net	<u>\$ 120,866</u>	<u>\$ 203,220</u>	<u>\$ -</u>	<u>\$ 324,086</u>
<b>Business-Type Activities</b>				
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	\$ 39,838		3,040,095
Total capital assets being depreciated	<u>3,519,804</u>	<u>39,838</u>		<u>3,559,642</u>
Less accumulated depreciation	(2,764,390)	(52,051)		(2,816,441)
Total capital assets being depreciated, net	<u>755,414</u>	<u>(12,213)</u>		<u>743,201</u>
Total business-type activities, net	<u>\$ 788,066</u>	<u>\$ (12,213)</u>	<u>\$ -</u>	<u>\$ 775,853</u>

**TOWN OF DOVE CREEK, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

Depreciation Expense	
General government	\$ 4,848
Culture and recreation	1,764
Total depreciation governmental activities	\$ 6,612

**Enterprise Funds Water Contract** - On February 23, 1988, in accordance with Article 7 of the contract 7-07-40-W0470 between the United States Department of Interior Bureau of Reclamation and the Dolores Water Conservancy District dated September 23, 1977, issuance of the Development Block Notice 3 for the Town of Dove Creek, Colorado to provide an annual average project water supply of 600 acre-feet within the Town’s water delivery system with a repayment obligation of \$898,998 with a project interest rate of 6.063 percent was signed. The first annual payment of \$54,249 was due February 1, beginning in the year 1997 and continuing until they year 2046. On March 12, 1991 the Development Block Notice 3 was amended to allow for water deliveries and repayment to begin in the year 1991. On June 23, 1997 the Development Block Notice 3 was again amended to allocate 320 acre-feet back to the Dolores Water Conservancy District leaving the Town of Dove Creek with 280 acre-feet at a total obligation of \$497,701 and changed the annual payment for 1997 to \$25,317, then \$30,426 annually through 2001, \$29,948 annually through 2040 and then diminishing through the final payment of \$1,015 in 2046.

This is an operating lease to purchase water during the contract with no transferring of the ownership rights. It is recorded as a right of use asset (\$354,922) and liability (\$354,922 and as an operating lease (\$29,948) on the financial statements in the Enterprise Water Fund.

The annual payments are summarized below.

Year Ending December 31	Payment	Interest	Principal	Balance
2022	\$ 29,948	\$ 21,518	\$ 8,430	\$ 346,492
2023	29,948	21,008	8,940	337,552
2024	29,948	20,465	9,483	328,069
2025	29,948	19,892	10,056	318,013
2026	29,948	19,281	10,667	307,346
2027-2031	149,740	85,885	63,855	243,491
2032-2036	149,740	64,031	85,709	157,782
2037-2041	149,799	34,702	115,097	42,685
2042-2046	47,435	4,750	42,685	-

TOWN OF DOVE CREEK, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

**Interfund Receivables and Payables**- consist of the following:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 75,390	
Water Fund		\$ 34,467
Sanitation Fund		40,923
Total	<u>\$ 75,390</u>	<u>\$ 75,390</u>

**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.

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 \$2,539,734 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.

**TOWN OF DOVE CREEK, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

***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, 2021

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, 2021

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
<b>Operating Revenues</b>				
Water sales	\$ 160,000	\$ 160,000	\$ 187,965	\$ 27,965
Water sales-Celsius	14,050	14,050	14,050	-
Water tap fees			3,000	3,000
Water dock	12,000	12,000	18,421	6,421
Miscellaneous revenue			400	400
<b>Total operating revenues</b>	<b>186,050</b>	<b>186,050</b>	<b>223,836</b>	<b>37,786</b>
<b>Operating Expenses</b>				
Administration				
Salaries	5,000	5,000		5,000
Payroll tax	1,500	1,500		1,500
Employee benefits	800	800	5,014	(4,214)
Office	5,000	5,000	5,240	(240)
Miscellaneous	1,000	1,000		1,000
<b>Total administration</b>	<b>13,300</b>	<b>13,300</b>	<b>10,254</b>	<b>3,046</b>
Source of supply				
Fuel and power	6,000	6,000	3,249	2,751
Professional fees	5,000	5,000	13,924	(8,924)
Repairs and maintenance	10,000	10,000	956	9,044
Water	35,000	35,000	29,948	5,052
O&M charges	8,000	8,000	9,320	(1,320)
Water dock	4,000	4,000	1,302	2,698
<b>Total source of supply</b>	<b>68,000</b>	<b>68,000</b>	<b>58,699</b>	<b>9,301</b>
Water treatment				
Salaries	30,000	30,000	38,590	(8,590)
Payroll tax	3,000	3,000	3,014	(14)
Employee benefits	70,000	70,000	33,377	36,623
Professional fees	48,000	48,000	47,915	85
Operating supplies	12,000	12,000	4,861	7,139
Insurance	7,000	7,000		7,000
Repairs and maintenance	5,500	5,500	2,913	2,587
Miscellaneous	3,000	3,000	1,645	1,355
<b>Total water treatment</b>	<b>178,500</b>	<b>178,500</b>	<b>132,315</b>	<b>46,185</b>
Transmission and distribution				
Chemicals	17,000	17,000	16,389	611
Fuel and power	12,000	12,000	9,327	2,673
Outside services	2,000	2,000	3,651	(1,651)
Repairs and maintenance			1,420	(1,420)
Insurance	6,000	6,000	8,000	(2,000)
<b>Total transmission and distribution</b>	<b>37,000</b>	<b>37,000</b>	<b>38,787</b>	<b>(1,787)</b>

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, 2021

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Capital outlay	\$ 150,000	\$ 150,000	\$ 39,839	\$ 110,161
<b>Total Operating Expenses</b>	<b>446,800</b>	<b>446,800</b>	<b>279,894</b>	<b>166,906</b>
Operating income (loss)	(260,750)	(260,750)	(56,058)	204,692
<b>Non-Operating Revenue (Expenses)</b>				
Interest revenue	100	100	174	74
<b>Total Non-Operating Revenue</b>	<b>100</b>	<b>100</b>	<b>174</b>	<b>74</b>
Change in net position non GAAP basis	(260,650)	(260,650)	(55,884)	204,766
Add capital outlay			39,839	39,839
Less depreciation expense			(33,656)	(33,656)
Change in net position	(260,650)	(260,650)	(49,701)	210,949
Net position beginning of the year	455,171	455,171	971,944	516,773
<b>Net position end of the year</b>	<b>\$ 194,521</b>	<b>\$ 194,521</b>	<b>\$ 922,243</b>	<b>\$ 727,722</b>

**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, 2021

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
<b>Operating Revenues</b>				
Sewer fees	\$ 65,000	\$ 65,000	\$ 74,635	\$ 9,635
Miscellaneous revenue	5,000	5,000	6,378	1,378
<b>Total operating revenues</b>	<b>70,000</b>	<b>70,000</b>	<b>81,013</b>	<b>11,013</b>
<b>Operating Expenses</b>				
Administration				
Salaries	8,500	8,500		8,500
Payroll tax	700	700		700
Office	800	800	1,229	(429)
Miscellaneous	500	500		500
<b>Total administration</b>	<b>10,500</b>	<b>10,500</b>	<b>1,229</b>	<b>9,271</b>
Sewer treatment				
Salaries	40,000	40,000	37,910	2,090
Payroll tax	3,000	3,000	3,014	(14)
Operating supplies	2,500	2,500	7,066	(4,566)
Chemicals	12,000	12,000	3,593	8,407
Fuel and power	15,000	15,000	13,674	1,326
Outside services	7,000	7,000	5,252	1,748
Repairs and maintenance	5,000	5,000	10,316	(5,316)
Insurance	4,000	4,000	3,000	1,000
Miscellaneous	2,500	2,500	1,426	1,074
<b>Total sewer treatment</b>	<b>91,000</b>	<b>91,000</b>	<b>85,251</b>	<b>5,749</b>
Capital outlay	20,000	20,000		20,000
<b>Total Operating Expenses</b>	<b>121,500</b>	<b>121,500</b>	<b>86,480</b>	<b>35,020</b>
Operating income (loss)	(51,500)	(51,500)	(5,467)	46,033
<b>Non-Operating Revenue (Expenses)</b>				
Interest revenue	500	500	954	454
<b>Total Non-Operating Revenue</b>	<b>500</b>	<b>500</b>	<b>954</b>	<b>454</b>
Change in net position non GAAP basis	(51,000)	(51,000)	(4,513)	46,487
Add capital outlay			-	-
Less depreciation expense			(18,395)	(18,395)
Change in net position	(51,000)	(51,000)	(22,908)	28,092
Net position beginning of the year	455,056	455,056	719,452	264,396
<b>Net position end of the year</b>	<b>\$ 404,056</b>	<b>\$ 404,056</b>	<b>\$ 696,544</b>	<b>\$ 292,488</b>

## INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>Town of Dove Creek Colorado</b>
	YEAR ENDING : December 2021

This Information From The Records Of <b>The Town of Dove Creek Colorado</b>	Prepared By: <b>Majors and Haley PC - Lori H Haley CPA</b> Phone: <b>970-565-9521</b>
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**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				

<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>	<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>
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ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	90,690
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	18,513
2. General fund appropriations		b. Snow and ice removal	3,468
3. Other local imposts (from page 2)	99,019	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	21,981
5. Transfers from toll facilities		4. General administration & miscellaneous	22,847
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	135,518
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	99,019	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	36,499	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	135,518	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	135,518

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

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		135,518	135,518		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	83,979	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,804	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	7,236	g. Other Misc. Receipts	
6. Total (1. through 5.)	99,019	h. Other	
c. Total (a. + b.)	99,019	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	33,067	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,432	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,432	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	36,499	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
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
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
<b>Notes and Comments:</b>			