

CITY OF CREEDE, COLORADO

FINANCIAL STATEMENTS

December 31, 2022



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

CITY OF CREEDE, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creede, Colorado (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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, that raise substantial doubt about the City'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.

Auditors' 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 Auditors' 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 GAAS will always detect a material

Certified Public Accountants

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the Local Highway Finance Report 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, the combining and individual nonmajor fund financial statements and the Local Highway Finance Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive style.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 26, 2023

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Creede (the City) for the year ended December 31, 2022. It is offered here by the management of the City to the readers of its financial statements.

Financial Highlights

- The assets of the City exceed its liabilities and deferred inflows of resources at December 31, 2022 by \$14,048,752 (net position). Of this amount, \$2,872,947 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$272,039. The highlights of this increase can be found on page 4 of this report.
- At December 31, 2022, the City's governmental funds reported combined ending fund balances of \$7,530,330. This amount is classified into the following categories:

Nonspendable	\$ 12,964	-
Restricted	4,627,568	61.5%
Committed	1,269,715	16.9%
Assigned	74,636	1.0%
Unassigned	1,545,447	20.5%

- The \$1,545,447 unassigned fund balance in the General Fund represents 131.5% of total General Fund expenditures.
- The City's total debt increased by \$958,468 (120%) during the current year. New debt of \$1,000,000 was issued in the water and sewer fund to fund infrastructure improvements. The highlights of this increase can be found on pages 23 and 24 of this report.

Overview of the Financial Statements

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

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

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, the City adopts an annual appropriated budget for all major and non-major governmental funds and for the proprietary fund. Budgetary comparison schedules have been provided for the governmental funds and the proprietary fund to demonstrate compliance with this budget.

Government-Wide Financial Analysis

Total assets of the City at December 31, 2022 were \$16,154,430, while total liabilities were \$1,989,539. Total deferred inflows of resources were \$116,139, resulting in a net position balance of \$14,048,752.

A large portion of the City's net position, \$4,552,241 (32.40%), reflects the amount held in a permanent endowment held in the Virginia Christensen Fund. Earnings and allowed distributions from this endowment are used for certain parks and recreation projects, however, this balance is restricted and to be held for future growth and earnings. \$6,503,494 (46.29%) of the net position reflects the City's net investment in capital assets (land

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

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

At the end of the current year, the City is able to report positive balances in all categories of net position. For detail of the Statement of Net Position, reference page 4 of the Basic Financial Statements.

CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 3,155,168	\$ 2,871,308	\$ 25,953	\$ 87,614	\$ 3,181,121	\$ 2,958,922
Restricted assets	4,597,767	5,609,575	1,210,028	199,708	5,807,795	5,809,283
Capital assets, net	3,463,840	3,168,716	3,701,674	3,089,281	7,165,514	6,257,997
Total assets	11,216,775	11,649,599	4,937,655	3,376,603	16,154,430	15,026,202
Current liabilities	106,466	91,985	112,482	217,212	218,948	309,197
Long-term debt	14,540	23,741	1,756,051	797,583	1,770,591	821,324
Total liabilities	121,006	115,726	1,868,533	1,014,795	1,989,539	1,130,521
Deferred inflows of resources	116,139	118,968	-	-	116,139	118,968
Net investment in capital assets	3,463,840	3,168,716	2,968,400	2,291,698	6,432,240	5,460,414
Restricted	4,627,568	5,636,023	115,997	-	4,743,565	5,636,023
Unrestricted	2,888,222	2,610,166	(15,275)	70,110	2,872,947	2,680,276
Total Net Position	\$ 10,979,630	\$ 11,414,905	\$ 3,069,122	\$ 2,361,808	\$ 14,048,752	\$ 13,776,713

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

CONDENSED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 55,217	\$ 39,831	\$ 382,113	\$ 370,641	\$ 437,330	\$ 410,472
Grants and contributions	392,455	257,374	549,063	482,051	941,518	739,425
<u>General revenues</u>						
Property Taxes	119,771	110,121	-	-	119,771	110,121
Sales Taxes	1,058,556	1,055,606	-	-	1,058,556	1,055,606
Other Taxes	105,315	92,977	-	-	105,315	92,977
Investment Earnings and Other	(829,386)	750,194	481	830	(828,905)	751,024
Total Revenues	901,928	2,306,103	931,657	853,522	1,833,585	3,159,625
Expenses						
General Government	411,476	440,543	-	-	411,476	440,543
Highways and Streets	331,283	299,175	-	-	331,283	299,175
Culture and Recreation	245,470	273,338	-	-	245,470	273,338
Water and Sewer	-	-	573,317	457,747	573,317	457,747
Total Expenses	988,229	1,013,056	573,317	457,747	1,561,546	1,470,803
Increase(decrease) in net position	(86,301)	1,293,047	358,340	395,775	272,039	1,688,822
Transfers in/(out)	(348,974)	(159,895)	348,974	159,895	-	-
Changes in net position	(435,275)	1,133,152	707,314	555,670	272,039	1,688,822
Net position, January 1	11,414,905	10,281,753	2,361,808	1,806,138	13,776,713	12,087,891
Net position, December 31	\$10,979,630	\$11,414,905	\$3,069,122	\$2,361,808	\$14,048,752	\$13,776,713

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

Governmental Activities

Net position decreased \$435,275. Key revenue and expenditure transactions are as follows:

- Total revenues decreased approximately \$1,400,000 over the prior year.
- Property tax revenues increased approximately \$10,000.
- Sales tax revenues increased approximately \$3,000.
- Charges for services increased approximately \$15,000.
- Investment earnings decreased from a \$750,000 gain to a \$830,000 loss.

Total expenditures for the year 2022 decreased by \$24,827 when compared to the year 2021 , which was comparable to the prior year.

Business-Type Activities

Business-type activities increased net position by \$707,314. Key elements to the change in net position are as follows:

- Water and sewer operational revenues for the current year were \$171,780 lower than expenses generated due to a \$115,570 decrease in expenses primarily related to a increase of \$57,520 in professional services. Grant revenues also increased by \$67,012 and transfers in increased by \$189,079 from the prior year. The over net increase in net position is a result of grant and transfer funded infrastructure improvements of \$724,000 capitalized during the year.

Financial Analysis of the Government's Funds

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

As of the current year, the City's governmental funds reported combined fund balances of \$7,530,330. Approximately 20.52%, or \$1,545,447, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending and has been classified into the following categories:

Nonspendable	\$ 12,964
Restricted	4,627,568
Committed	1,269,715
Assigned	74,636

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance is \$1,683,047. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 131% of total General Fund expenditures, while total fund balance represents 143% of total General Fund expenditures. The General Fund's fund balance increased \$40,007 this year.

The Capital Improvement Fund balance increased by \$228,845.

The Virginia Christensen Fund balance decreased by \$1,011,808.

The Conservation Trust Fund balance increased \$3,353.

Detail for Governmental Funds is found on pages 6-8 of the Basic Financial Statements.

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

Unrestricted net position in the Water and Sewer Fund at the end of the year was negative \$15,275. Total net position in the Water and Sewer Fund increased \$707,314.

General Fund Budgetary Highlights

City Board of Trustees adopted the 2022 budget as outlined on page 30. Total revenues were \$112,997 more than the final budgeted amounts. Total expenditures were \$62,299 more than the final budget.

A complete budget comparison report appears on page 30 of the financial statements. Even though the budget was amended, total actual expenditures exceeded budgeted expenditures by \$62,299. This was primarily due to the recognition of additional capital outlay expenditures paid by another entity on behalf of the City that were not anticipated in the budget.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$7,165,514 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current year was 8.3%. Additional capital projects planned to be completed in the near term include replacing additional sewer lines, installing a micro-hydro generator, and making pedestrian improvements to Main Street.

Long-Term Debt: Long-Term Liabilities increased by \$958,468 in 2022. The year-end balance was \$1,756,051, which is comprised of a \$1,250,000 1.75% interest loan (current balance of \$758,261) with Colorado Water Resources and Development Authority (CWRDA) and a new Water Pollution Control Revolving Fund loan also with CWRDA of \$1,000,000, 1.5% interest loan (current balance of \$997,790).

Additional information on the City's long-term debt can be found in Note 6 on pages 23 and 24 of this report.

City of Creede, Colorado
Management's Discussion and Analysis
December 31, 2022

Requests for Information

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

CITY OF CREEDE, COLORADO
BASIC FINANCIAL STATEMENTS

CITY OF CREEDE, COLORADO
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Investments	\$ 2,521,912	\$ -	\$ 2,521,912
Restricted Cash and Investments	4,597,767	210,028	4,807,795
Property Taxes Receivable	116,139	-	116,139
Accounts Receivable	1,647	34,369	36,016
Due from Other Governments	201,693	271,912	473,605
Bond proceeds held by CWRPDA	-	1,000,000	1,000,000
Prepaid expenses	11,965	11,965	23,930
Inventory	999	8,520	9,519
Internal Balances	300,813	(300,813)	-
Total Current Assets	<u>7,752,935</u>	<u>1,235,981</u>	<u>8,988,916</u>
Capital Assets			
Construction in Progress	623,245	271,237	894,482
Land	109,898	32,457	142,355
Buildings	525,536	2,127,803	2,653,339
Equipment	38,070	20,907	58,977
Vehicles	8,572	-	8,572
Infrastructure	2,158,519	1,249,270	3,407,789
Total Capital Assets	<u>3,463,840</u>	<u>3,701,674</u>	<u>7,165,514</u>
TOTAL ASSETS	<u>11,216,775</u>	<u>4,937,655</u>	<u>16,154,430</u>
Liabilities			
Accounts Payable and Accrued Liabilities	106,466	112,482	218,948
Long-Term Liabilities			
Due within One Year	14,540	67,129	81,669
Due in More Than One Year	-	1,688,922	1,688,922
TOTAL LIABILITIES	<u>121,006</u>	<u>1,868,533</u>	<u>1,989,539</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax (Current)	116,139	-	116,139
NET POSITION			
Net Investment in Capital Assets	3,463,840	2,968,400	6,432,240
Restricted for			
TABOR	50,000	-	50,000
Parks and Recreation Facilities	4,577,568	-	4,577,568
Capital Projects	-	115,997	115,997
Unrestricted	2,888,222	(15,275)	2,872,947
TOTAL NET POSITION	<u>\$ 10,979,630</u>	<u>\$ 3,069,122</u>	<u>\$ 14,048,752</u>

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

CITY OF CREEDE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	TOTAL	
Primary Government:							
Governmental Activities:							
General Government	\$ 411,476	\$ 30,189	\$ -	\$ 6,729	\$ -	\$ 6,729	
Highways and Streets	331,283	-	-	(331,283)	-	(331,283)	
Culture and Recreation	245,470	25,028	1,165	(216,003)	-	(216,003)	
Total Governmental Activities	988,229	55,217	1,165	(540,557)	-	(540,557)	
Business-Type Activities							
Water	415,157	272,267	2,386	-	(140,504)	(140,504)	
Sewer	158,160	109,846	974	-	498,363	498,363	
Total Business-Type Activities	573,317	382,113	3,360	-	357,859	357,859	
Total Primary Government	\$ 1,561,546	\$ 437,330	\$ 4,525	(540,557)	357,859	(182,698)	
		General Revenues and Transfers:					
		Taxes:					
		General Property Taxes - Net		119,771	-	119,771	
		Sales Taxes		1,058,556	-	1,058,556	
		Other Taxes		105,315	-	105,315	
		Interest on Investments		75,909	481	76,390	
		Miscellaneous		10,403	-	10,403	
		Net Increase (Dec) Investments		(915,698)	-	(915,698)	
		Transfers		(348,974)	348,974	-	
		Total General Revenues and Transfers		105,282	349,455	454,737	
		Change in Net Position		(435,275)	707,314	272,039	
		Net Position, Beginning of Year		11,414,905	2,361,808	13,776,713	
		Net Position, End of Year		\$ 10,979,630	\$ 3,069,122	\$ 14,048,752	

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

CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2022

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENTS FUND</u>	<u>VIRGINIA G. CHRISTENSEN TRUST</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Investments	\$ 596,429	\$ 1,900,156	\$ -	\$ 25,327	\$ 2,521,912
Restricted Cash and Investments	-	-	4,597,767	-	4,597,767
Accounts Receivable	566	-	-	-	566
Property Taxes Receivable	116,139	-	-	-	116,139
Accrued Interest Receivable	-	-	1,081	-	1,081
Prepaid items	11,965	-	-	-	11,965
Due From Other Funds	1,040,394	-	-	-	1,040,394
Due From Other Governments	139,160	62,533	-	-	201,693
Inventory	999	-	-	-	999
TOTAL ASSETS	<u>\$ 1,905,652</u>	<u>\$ 1,962,689</u>	<u>\$ 4,598,848</u>	<u>\$ 25,327</u>	<u>\$ 8,492,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE					
LIABILITIES					
Accounts Payable	83,634	-	-	-	83,634
Accrued liabilities	22,832	-	-	-	22,832
Due to Other Funds	-	692,974	46,607	-	739,581
TOTAL LIABILITIES	<u>106,466</u>	<u>692,974</u>	<u>46,607</u>	<u>-</u>	<u>846,047</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	116,139	-	-	-	116,139
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>116,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,139</u>
FUND BALANCE					
Nonspendable	12,964	-	-	-	12,964
Restricted:					
Tabor Amendment Reserve	50,000	-	-	-	50,000
Parks and Recreation	-	-	4,552,241	25,327	4,577,568
Committed:					
Capital Improvements	-	1,269,715	-	-	1,269,715
Assigned:					
Subsequent Year Expenditures	74,636	-	-	-	74,636
Unassigned	1,545,447	-	-	-	1,545,447
TOTAL FUND BALANCE	<u>1,683,047</u>	<u>1,269,715</u>	<u>4,552,241</u>	<u>25,327</u>	<u>7,530,330</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	<u>\$ 1,905,652</u>	<u>\$ 1,962,689</u>	<u>\$ 4,598,848</u>	<u>\$ 25,327</u>	<u>\$ 8,492,516</u>

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

CITY OF CREEDE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2022

Total Governmental Fund Balances		\$ 7,530,330
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.</p>		
Capital Assets	\$ 4,581,282	
Accumulated Depreciation	<u>(1,117,442)</u>	3,463,840
<p>Long-term liabilities are not due and payable from current resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities consist of:</p>		
Compensated Absences Payable		<u>(14,540)</u>
Net Position of Governmental Activities		<u><u>\$ 10,979,630</u></u>

CITY OF CREEDE, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2022

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 696,238	\$ 587,404	\$ -	\$ -	\$ 1,283,642
Licenses and Permits	21,391	-	-	-	21,391
Intergovernmental Revenue	283,869	-	-	3,274	287,143
Contributions	105,312	-	-	-	105,312
Charges for Services	33,826	-	-	-	33,826
Interest Income	6,416	10,019	59,395	79	75,909
Net Increase (Dec) in Investment	-	-	(915,698)	-	(915,698)
Other Revenue	10,403	-	-	-	10,403
TOTAL REVENUES	1,157,455	597,423	(856,303)	3,353	901,928
EXPENDITURES					
Current					
General Government	379,310	-	40,000	-	419,310
Highways and Streets	226,383	-	-	-	226,383
Culture and Recreation	165,855	-	55,125	-	220,980
Capital Outlay	403,900	11,604	10,380	-	425,884
TOTAL EXPENDITURES	1,175,448	11,604	105,505	-	1,292,557
Excess (Deficiency) of Revenues over Expenditures	(17,993)	585,819	(961,808)	3,353	(390,629)
OTHER FINANCING SOURCES (USES)					
Transfers In	58,000	-	-	-	58,000
Transfers Out	-	(356,974)	(50,000)	-	(406,974)
TOTAL OTHER FINANCING SOURCES (USES)	58,000	(356,974)	(50,000)	-	(348,974)
NET CHANGE IN FUND BALANCE	40,007	228,845	(1,011,808)	3,353	(739,603)
Fund Balance, Beginning of Year	1,643,040	1,040,870	5,564,049	21,974	8,269,933
Fund Balance, End of Year	\$ 1,683,047	\$ 1,269,715	\$ 4,552,241	\$ 25,327	\$ 7,530,330

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

CITY OF CREEDE, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (739,603)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.

Capital Outlays	\$ 425,907	
Depreciation Expense	<u>(130,780)</u>	295,127

Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement activities compensated absences are expensed as they are accrued.

Change in the compensated absences liability. 9,201

Change in Net Position of Governmental Activities \$ (435,275)

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2022

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ -
Restricted Cash and Investments	210,028
Accounts Receivable	34,369
Bond proceeds held by CWRPDA	1,000,000
Prepaid expenses	11,965
Due from other Governments	271,912
Due from Other Funds	253,235
Inventory	8,520
Total Current Assets	1,790,029
Noncurrent Assets	
Capital Assets	
Construction in Progress	271,237
Land	32,457
Buildings & Infrastructure	5,871,137
Equipment	119,450
Less: Accumulated Depreciation	(2,592,607)
Total Noncurrent Assets	3,701,674
TOTAL ASSETS	5,491,703
LIABILITIES	
Current Liabilities	
Accounts Payable	81,751
Customer Deposits	6,504
Accrued Compensation	17,513
Accrued Interest Payable	6,714
Due to Other Funds	554,048
Notes and Loan Payable	67,129
Total Current Liabilities	733,659
Noncurrent Liabilities	
Notes and Loan Payable	1,688,922
Total Noncurrent Liabilities	1,688,922
TOTAL LIABILITIES	2,422,581
NET POSITION	
Net Investment in Capital Assets	2,968,400
Restricted for Capital Projects	115,997
Unrestricted	(15,275)
TOTAL NET POSITION	\$ 3,069,122

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

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	WATER AND SEWER FUND
OPERATING REVENUES	
Charges for Services	\$ 382,113
TOTAL OPERATING REVENUES	382,113
OPERATING EXPENSES	
Personnel Services	179,136
Materials and Supplies	28,319
Testing Fees	22,990
Professional Services	101,230
Repairs	22,493
Utilities	59,510
Depreciation Expense	111,756
Other Expenses	28,459
TOTAL OPERATING EXPENSES	553,893
Operating Income (Loss)	(171,780)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	481
Debt Service Payments	(19,424)
Other Revenue	3,360
TOTAL NONOPERATING REVENUES (EXPENSES)	(15,583)
Income (Loss) Before Other Revenue	(187,363)
Transfers In	348,974
Capital Contributions	545,703
Net Income (Loss)	707,314
Net Position, Beginning of Year	2,361,808
Net Position, End of Year	\$ 3,069,122

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

CITY OF CREEDE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	<u>WATER AND SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	380,992
Cash Payments to Suppliers for Goods and Services	(393,024)
Cash Payments to Employees	(124,434)
Cash Payments for Employee Benefits and Taxes	(46,057)
	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(182,523)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Donations and Non-Capital Grants	3,360
Cash Received (Payments) from Other Activities	(56,153)
	<hr/>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(52,793)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital Contributions	530,838
Transfers In	348,974
Acquisition of Capital Assets	(724,148)
Proceeds from Issuance of Debt	1,000,000
Cash held by CWRPDA	(1,000,000)
Interest Paid on Notes and Bonds	(15,036)
Principal Paid on Notes and Bonds	(41,532)
	<hr/>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	99,096
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	481
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(135,739)
Cash and Cash Equivalents, Beginning of Year	345,767
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 210,028
Reported in the Accompanying Statement of Net Position as follows:	
Cash and Cash Equivalents	\$ -
Restricted Cash and Investments	210,028
	<hr/>
	\$ 210,028
	<hr/>
Operating Income (Loss)	\$ (171,780)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	111,756
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(1,415)
(Increase) Decrease in Prepaid Expenses	(11,965)
Increase (Decrease) in Customer Deposits	294
Increase (Decrease) in Accrued Compensation	8,644
Increase (Decrease) in Accounts Payable	(118,057)
	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (182,523)
	<hr/>

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

CITY OF CREEDE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Primary Government

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-wide Statements

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

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

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

ASSETS, LIABILITIES, FUND BALANCE AND NET POSITION

Deposits and Investments

The cash balances of substantially all funds are pooled for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at December 31, 2022, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or certificates of deposit. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Cash and Cash Equivalents

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

Property Taxes

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

Inventory

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

Capital Assets

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

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

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

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

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

Long-term Debt

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

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

Compensated Absences

City employees receive vacation per year depending on employee classification. Salary employees can accumulate up to 10 days per year for the first 5 years of service, 15 days per year for 5-10 years of service and 20 days per year for 10 years of service or more. Full time hourly employees can accumulate up to 5 days after the first year of service and up to 10 days per year for 2 years of services or more. Part time hourly employees can accumulate up to 2 1/2 days after the first year of service and up to 5 days per year for 2 years of service or more. Accumulated vacation is limited by the City to 80 hours per employee. Accrued vacation over 80 hours is paid to the employee at year end. A liability for these amounts is reported in the governmental funds only if amounts are actually due to employees as a result of termination or retirement.

Fund Balance

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

Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows of resources. Revenues received after the availability period of 60-days are considered deferred inflows of resources. These amounts will be recognized as an inflow of resources in the period that the amounts become available or the requirements are met.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Encumbrances

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

Use of Estimates

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

New Accounting Standards

The GASB issued Statement No. 87, Leases which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City implemented this standard in the year ended December 31, 2022 which had no effect on the financial reporting of the City.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows these procedures in establishing funds.

1. Budgets are required by state law for all governmental and proprietary funds.
2. During October the proposed budget is submitted to the City Board for the fiscal year commencing the following January 1.
3. Prior to December 15, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
4. Formal budgetary integration is employed as a management control device for all funds of the City. The governmental funds and expendable trust funds budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The proprietary funds budgets are adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.
5. Appropriations lapse at the end of each year, and the City Board may adopt supplemental appropriations during the year. The City Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's administrator or the revenue estimates must be changed by the City Board when adopting supplemental appropriations. The City did adopt a supplemental appropriation in 2022, however, General fund expenditures exceeded budgeted appropriations by \$62,299.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

Cash and Deposits

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

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2022 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end, \$2,780,399 of the City's bank balance of \$3,280,339 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

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

Credit Risk

As of December 31, 2022, the local government investment pool, (ColoTrust) was stated at net asset value and was rated AAAM by Standard & Poor's.

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

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

	Fair Market Value December 31, 2022
Ishares MSCI EAFE ETF	\$ 167,382
JPMorgan BetaBuilders Canada	118,705
Six Circles International	367,401
JPMorgan BetaBuilders Japan ETF	119,793
JPMorgan Betbuilders Dev Asia X-JPN	79,723
Vanguard TTL INTL BND-ADM	242,782
Six Circles Global Bond	300,473
Six Circles Credit Opport	121,244
Total	\$ 1,517,503

These funds are highly diversified, which minimize the impact any currency could have on the overall investments. Ratings from Moody's or Standard and Poor's are not available for these products. The Virginia Christensen Trust Fund is also exposed to possible interest rate risk on fixed income investments. These funds hold several types of fixed income securities without a concentration of any one issuer.

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

<u>Investment Type</u>	<u>Fair Value Measurements</u>			<u>Credit Risk</u>
	<u>December 31, 2022</u>			
	<u>Using:</u>			
	<u>Level 2</u>	<u>1-5 years</u>		
J.P. Morgan (Investments)	\$ 4,046,422	\$ 4,046,422		N/R
Cash on hand and in banks	2,964,243			
Money market funds	\$ 20,251			N/R
ColoTrust	<u>298,791</u>			
Cash and investments in custody of others		<u>319,042</u>		
Total deposits and investments	<u>\$ 7,329,707</u>			

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

<u>Government-wide Statement of Net Position</u>	
Cash and cash equivalents	2,521,912
Restricted cash and investments	<u>4,807,795</u>
	<u>\$ 7,329,707</u>

Interest Rate Risk

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

The Colorado Government Liquid Asset Trust (ColoTrust), is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$ 1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The investments do not have any unfunded commitments or redemption notice periods.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Interfund balances for the year ended December 31, 2022 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 554,048
General Fund	Virginia Christensen Fund	46,607
General Fund	Capital Improvements Fund	439,739
Water and Sewer Fund	Capital Improvements Fund	253,235
		\$ 1,293,629

Interfund Transfers

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

Interfund transfers for the year ended December 31, 2022 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Virginia Christensen Fund	\$ 50,000
General Fund	Capital Improvements Fund	8,000
Water & Sewer Fund	Capital Improvements Fund	348,974
		\$ 406,974

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 109,898	-	\$ -	\$ 109,898
Construction in Progress	236,965	386,280	-	623,245
Total capital assets not being depreciated	346,863	386,280	-	733,143
Capital assets being depreciated				
Buildings and Improvements	904,655	18,529	-	923,184
Infrastructure	2,594,096	-	-	2,594,096
Equipment	266,875	21,095	-	287,970
Vehicles	42,889	-	-	42,889
Total capital assets being depreciated	3,808,515	39,624	-	3,848,139
Less accumulated depreciation for:				
Buildings and Improvements	370,566	27,082	-	397,648
Infrastructure	364,112	71,465	-	435,577
Equipment	221,705	28,195	-	249,900
Vehicles	30,279	4,038	-	34,317
Total accumulated depreciation	986,662	130,780	-	1,117,442
Total capital assets being depreciated, net	2,821,853	(91,156)	-	2,730,697
Governmental Activities Capital Assets, Net	<u>\$ 3,168,716</u>	<u>\$ 295,124</u>	<u>\$ -</u>	<u>\$ 3,463,840</u>
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Construction in Progress	464,798	-	193,561	271,237
Total capital assets not being depreciated	497,255	-	193,561	303,694
Capital assets being depreciated				
Utility Plant, Buildings & Distribution	3,990,610	254,132	-	4,244,742
Sewer Plant & Infrastructure	972,281	654,114	-	1,626,395
Equipment	109,986	9,464	-	119,450
Total capital assets being depreciated	5,072,877	917,710	-	5,990,587
Less accumulated depreciation for:				
Utility Plant, Buildings & Distribution	2,031,006	85,933	-	2,116,939
Sewer Plant & Infrastructure	352,818	24,307	-	377,125
Equipment	97,027	1,516	-	98,543
Total accumulated depreciation	2,480,851	111,756	-	2,592,607
Total capital assets being depreciated, net	2,592,026	805,954	-	3,397,980
Business-type Activities Capital Assets, Net	<u>\$ 3,089,281</u>	<u>\$ 805,954</u>	<u>\$ 193,561</u>	<u>\$ 3,701,674</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

Governmental activities:	
General Government	\$ 3,125
Highways and Streets	103,575
Culture and recreation	<u>24,080</u>
Total depreciation expense - governmental activities	<u>\$ 130,780</u>
Business-type activities:	
Water services	\$ 87,449
Sewer services	<u>24,307</u>
Total depreciation expense - business-type activities	<u>\$ 111,756</u>

NOTE 6 LONG-TERM DEBT

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
Compensated Absences	\$ 23,741	\$ 12,843	\$ 22,044	\$ 14,540	\$ 14,540
Governmental Activities Total	<u>\$ 23,741</u>	<u>\$ 12,843</u>	<u>\$ 22,044</u>	<u>\$ 14,540</u>	<u>\$ 14,540</u>

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
<i>Business-type Activities</i>					
Water Pollution Control Revolving Fund	\$ -	\$ 1,000,000	\$ 2,210	\$ 997,790	\$ 27,116
Joint water and sewer Loan payable	<u>797,583</u>	<u>-</u>	<u>39,322</u>	<u>758,261</u>	<u>40,013</u>
Business-type Activities Total	<u>\$ 797,583</u>	<u>\$ 1,000,000</u>	<u>\$ 41,532</u>	<u>\$ 1,756,051</u>	<u>\$ 67,129</u>

Loans payable

The City entered into a loan with Colorado Water Resources and Power Development Authority for \$1,250,000 on April 15, 2009, to finance a portion of the new waterlines, due in bi-annual payments of \$26,554 on May 1, and November 1 for 30 years beginning November 1, 2009 and ending May 1, 2039, including interest of 1.75%, to be repaid with revenues derived from the operation of the City water and sewer system.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

The City entered into another loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for \$1,000,000 on December 17, 2021, to finance a portion of the rehabilitation of the existing collection system, consisting of replacing collection system pipe with new collection system pipe; due in bi-annual payments of \$20,991 on May 1, and November 1 for 30 years beginning November 1, 2022 and ending May 1, 2052, including interest of 1.5%, to be repaid with revenues derived from any source the City has available. The following is a detail breakdown of the loan payments as of December 31, 2022 owed on the outstanding loan. This loan was disbursed in 2022, however, the City has not drawn on any of these funds as of December 31, 2022 and full amount of the loan is held by CWRPDA.

The following schedule shows the remaining principal and interest payments due on the outstanding debt as of December 31, 2022:

	Joint Water and Sewer		Water Pollution Control		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 40,013	\$ 13,095	\$ 27,116	\$ 14,866	\$ 67,129	\$ 27,961
2024	40,716	12,392	27,524	14,457	68,240	26,849
2025	41,432	11,676	27,939	14,043	69,371	25,719
2026	42,160	10,948	28,359	13,622	70,519	24,570
2027	42,901	10,207	28,786	13,195	71,687	23,402
2028-2032	226,085	39,456	150,565	59,343	376,650	98,799
2033-2037	246,665	18,876	162,246	47,662	408,911	66,538
2038-2042	78,289	1,374	174,834	35,074	253,123	36,448
2043-2047			188,398	21,510	188,398	21,510
2048-2052			182,023	6,894	182,023	6,894
	<u>\$ 758,261</u>	<u>\$ 118,024</u>	<u>\$ 997,790</u>	<u>\$ 240,666</u>	<u>\$ 1,756,051</u>	<u>\$ 358,690</u>

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Rate Maintenance – Water and Sewer Fund - The City has pledged future water and sewer customer revenues, as discussed above, relating to the 2009 joint water and sewer loan and the 2021 CWRPDA loan to repay the outstanding revenue bonds, equal to 120%, 110% respectively, of the amount necessary to pay all principal and interest on outstanding debt. **The City has not complied with these rate covenants.** The computation for compliance is as follows:

	Water/Sewer Fund	
Revenues		
Charges for services	\$	382,113
Investment income		481
Miscellaneous		3,360
Tap fees		31,625
Total Revenues		417,579
Expenses		
Operating expenses		553,893
Less: Depreciation		(111,756)
Total Expenses		442,137
Net Revenue Available for Debt Service		(24,558)
Debt Service Requirements		
Joint Water and Sewer CWRPDA loan		53,108
Water Pollution Control Revolving Fund		3,460
Total Debt Service		56,568
Debt Coverage Ratio Requirement	120%	110%
Debt Coverage Requirement	67,882	62,225
Coverage Excess (Shortfall)	\$ (92,440)	\$ (86,783)

The City is in compliance with Operations and Maintenance Reserve Fund covenants and Lien Representation requirements for both the 2009 and 2021 CWRPDA bond issuances.

NOTE 7 PENSION PLANS

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

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

For the year ended December 31, 2022, employee contributions totaled \$10,669 and the City recognized pension expense of \$10,669. The City recognized \$0 of forfeitures in retirement expense during 2022. Eight employees were enrolled in the plan in 2022.

NOTE 8 RESTRICTED ASSETS

Governmental Activities

Cash in the amount of \$531,094 and investments in the amount of \$4,066,673 are restricted by the Virginia G. Christensen Trust agreement.

Business-type Activities

In accordance with the Drinking Water Revolving Fund loan agreement, cash in the amount of \$94,031 has been restricted to maintain a debt and maintenance reserve.

In accordance with the contract with the Deep Creek Water and Sanitation District cash in the amount of \$85,997 has been restricted for a sewer treatment facility expansion.

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

NOTE 9 DEEP CREEK WATER AND SANITATION DISTRICT

In 2009, the City signed an agreement with the Deep Creek Water and Sanitation District which allows the District to connect to the City's sewage treatment plant. The District pays a monthly user fee for the services and a one-time Sewer System Development fee per user. The fees are established by resolution at the beginning of each year by the City of Creede Board of Trustees. The agreement states that the Sewer System Development fees received from the District will be restricted for sewer treatment facility expansion or capital improvement projects. User connection fees of \$85,997 are recorded as restricted cash at December 31, 2022.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 RISK MANAGEMENT

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

Risk Pool

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

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

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

NOTE 11 SEGMENT INFORMATION

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue	\$ 271,300	\$ 110,813	\$ 382,113
Depreciation and Amortization Expense	(87,449)	(24,307)	(111,756)
Other Operating Expenses	<u>(313,917)</u>	<u>(128,220)</u>	<u>(442,137)</u>
Operating Income (Loss)	(130,066)	(41,714)	(171,780)
Non-Operating Revenue (Expenses)	(11,064)	(4,519)	(15,583)
Transfers In	-	348,974	348,974
Capital Contributions	<u>-</u>	<u>545,703</u>	<u>545,703</u>
Net Income (Loss)	<u>\$ (141,130)</u>	<u>\$ 848,444</u>	<u>\$ 707,314</u>

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

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 12 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local compliance with the requirements of the amendment.

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

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

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Insurance Pools

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

Construction Commitment

During 2021, the City began construction on an installation of two micro-hydroelectric generating facilities to provide a renewable energy source which is funded by a \$975,000 grant from Colorado Department of Local Affairs, \$425,000 grant from U.S. Department of Energy, and \$400,000 grant from Colorado Department of Public Health and Environment. At December 31, 2022, approximately \$236,965 was expended on this project. It is anticipated to be completed in the year 2024.

CITY OF CREEDE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 FUND BALANCES

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

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

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

CITY OF CREEDE, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 612,915	\$ 683,065	\$ 696,238	\$ 13,173
Licenses and Permits	10,500	10,500	21,391	10,891
Intergovernmental Revenue	2,000	284,793	283,869	(924)
Contributions	-	-	105,312	105,312
Interest Income	7,500	7,500	6,416	(1,084)
Other Revenue	58,600	58,600	44,229	(14,371)
TOTAL REVENUES	691,515	1,044,458	1,157,455	112,997
EXPENDITURES				
General Government	382,805	665,599	379,310	286,289
Highways and Streets	287,195	287,195	226,383	60,812
Culture and Recreation	160,355	160,355	165,855	(5,500)
Capital Outlay	-	-	403,900	(403,900)
TOTAL EXPENDITURES	830,355	1,113,149	1,175,448	(62,299)
Excess (deficiency) of revenues over expenditures	(138,840)	(68,691)	(17,993)	50,698
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	70,000	70,000	58,000	(12,000)
TOTAL OTHER FINANCING SOURCES (USES)	70,000	70,000	58,000	(12,000)
Net Change in Fund Balance	(68,840)	1,309	40,007	38,698
Fund Balance, Beginning of Year	1,712,324	1,712,324	1,643,040	(69,284)
Fund Balance, End of Year	\$ 1,643,484	\$ 1,713,633	\$ 1,683,047	\$ (30,586)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
VIRGINIA G. CHRISTENSEN TRUST
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Interest Income	\$ 181,200	\$ 181,200	\$ 59,395	\$ (121,805)
Net Increase (Decrease) in Investment	-	-	(915,698)	(915,698)
TOTAL REVENUES	181,200	181,200	(856,303)	(1,037,503)
EXPENDITURES				
General Government	-	-	40,000	(40,000)
Culture and Recreation	95,000	115,505	55,125	60,380
Capital Outlay	-	-	10,380	(10,380)
TOTAL EXPENDITURES	95,000	115,505	105,505	10,000
Excess (deficiency) of revenues over expenditures	86,200	65,695	(961,808)	(1,027,503)
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(100,000)	(100,000)	(50,000)	50,000
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	(100,000)	(50,000)	50,000
Net Change in Fund Balance	(13,800)	(34,305)	(1,011,808)	(977,503)
Fund Balance, Beginning of Year	404,684	404,684	5,564,049	5,159,365
Fund Balance, End of Year	\$ 390,884	\$ 370,379	\$ 4,552,241	\$ 4,181,862

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

CITY OF CREEDE, COLORADO
SUPPLEMENTARY INFORMATION

CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
SPECIAL REVENUE FUND

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

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

CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2022

	Special Revenue Fund
	CONSERVATION TRUST FUND
ASSETS	
Cash and Cash Equivalents	\$ 25,327
TOTAL ASSETS	\$ 25,327
LIABILITIES	
Accounts Payable	\$ -
TOTAL LIABILITIES	-
FUND BALANCE	
Restricted:	
Parks and Recreation	25,327
TOTAL FUND BALANCE	25,327
TOTAL LIABILITIES AND FUND BALANCE	\$ 25,327

**CITY OF CREEDE, COLORADO
NONMAJOR GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2022**

	Special Revenue Fund
	CONSERVATION TRUST FUND
REVENUES	
Intergovernmental Revenue	
State Lottery	\$ 3,274
Levy Certification	-
Interest Income	79
	-
TOTAL REVENUES	3,353
EXPENDITURES	
Culture and Recreation	-
	-
TOTAL EXPENDITURES	-
Net Change in Fund Balance	3,353
Fund Balance, Beginning of Year	21,974
Fund Balance, End of Year	\$ 25,327

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 480,000	\$ 480,000	\$ 587,404	\$ 107,404
Intergovernmental	1,738,000	1,738,000	-	(1,738,000)
Interest Income	3,600	3,600	10,019	6,419
TOTAL REVENUES	2,221,600	2,221,600	597,423	(1,624,177)
EXPENDITURES				
Capital Outlay	2,535,000	2,535,000	11,604	2,523,396
TOTAL EXPENDITURES	2,535,000	2,535,000	11,604	2,523,396
Excess (deficiency) of revenues over expenditures	(313,400)	(313,400)	585,819	899,219
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	50,000	50,000	-	(50,000)
Transfers To Other Funds	-	-	(356,974)	(356,974)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	(356,974)	(406,974)
Net Change in Fund Balance	(263,400)	(263,400)	228,845	(4,554,547)
Fund Balance at Beginning of year	844,274	844,274	1,040,870	196,596
Fund Balance at End of year	\$ 580,874	\$ 580,874	\$ 1,269,715	\$ 688,841

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental Revenue				
State Lottery	\$ 2,700	\$ 2,700	\$ 3,274	\$ 574
Interest Income	9	9	79	70
TOTAL REVENUES	<u>2,709</u>	<u>2,709</u>	<u>3,353</u>	<u>644</u>
EXPENDITURES				
Culture and Recreation	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,709	2,709	3,353	644
Fund Balance, Beginning of Year	<u>21,088</u>	<u>21,088</u>	<u>21,974</u>	<u>886</u>
Fund Balance, End of Year	<u>\$ 23,797</u>	<u>\$ 23,797</u>	<u>\$ 25,327</u>	<u>\$ 1,530</u>

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
OPERATING REVENUES				
Charges for Services	\$ 358,800	\$ 392,800	\$ 382,113	\$ (10,687)
TOTAL OPERATING REVENUES	<u>358,800</u>	<u>392,800</u>	<u>382,113</u>	<u>(10,687)</u>
OPERATING EXPENSES				
Personnel Services	204,058	204,058	179,136	24,922
Materials and Supplies	20,000	20,000	28,319	(8,319)
Testing Fees	17,000	17,000	22,990	(5,990)
Professional Services	75,000	110,880	101,230	9,650
Repairs	40,000	40,000	22,493	17,507
Utilities	49,200	49,200	59,510	(10,310)
Other Expenses	19,200	19,200	28,459	(9,259)
TOTAL OPERATING EXPENSES	<u>424,458</u>	<u>460,338</u>	<u>442,137</u>	<u>18,201</u>
Operating Income (Loss)	<u>(65,658)</u>	<u>(67,538)</u>	<u>(60,024)</u>	<u>7,514</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	500	500	481	(19)
Debt Service Payments	(50,000)	(60,956)	(60,956)	-
Other Revenue	11,500	11,500	3,360	(8,140)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(38,000)</u>	<u>(48,956)</u>	<u>(57,115)</u>	<u>(8,159)</u>
Income (Loss) Before Other Revenue	(103,658)	(116,494)	(117,139)	(645)
Transfers In	-	-	348,974	348,974
Capital Contributions	12,000	12,000	545,703	533,703
Net Income (Loss) - Budgetary Basis	(91,658)	(104,494)	777,538	882,032
Less: Depreciation Expense			(111,756)	
Add: Principal Payments on Debt			<u>41,532</u>	
Change in Net Position - GAAP Basis			707,314	
Net Position, Beginning of Year	<u>1,824,027</u>	<u>1,824,027</u>	<u>2,361,808</u>	<u>537,781</u>
Net Position, End of Year	<u>\$ 1,732,369</u>	<u>\$ 1,719,533</u>	<u>\$ 3,069,122</u>	<u>\$ 1,349,589</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Creede
	YEAR ENDING : December 2022
This Information From The Records Of (example - City of _ or County) City of Creede	Prepared By: manager@creedetownhall.com Phone: 719-658-2276

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	34,772
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	4,500	b. Snow and ice removal	
3. Other local imposts (from page 2)	12,245	c. Other	6,056
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	6,056
5. Transfers from toll facilities		4. General administration & miscellaneous	596
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	41,424
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)	0	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	22,259	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	39,004	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	41,424

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
6,979	39,004	41,424	4,559	

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2022

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	12,245	g. Other Misc. Receipts	
6. Total (1. through 5.)	12,245	h. Other	
c. Total (a. + b.)	12,245	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	20,112	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	2,147	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,147	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	22,259	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: