

CITY OF CRAIG
FINANCIAL STATEMENTS
DECEMBER 31, 2022

TABLE OF C O N T E N T S

Independent Auditors' Report	<i>i-iii</i>
Management's Discussion and Analysis	<i>iv-xii</i>
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Activities	2
FUND FINANCIAL STATEMENTS	
<u>Government Funds</u>	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
<u>Proprietary Funds</u>	
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
NOTES TO THE BASIC FINANCIAL STATEMENTS	10 - 26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues – Budget and Actual – General Fund	27
Schedule of Expenditures – Budget and Actual – General Fund	28

TABLE OF C O N T E N T S - (CONTINUED)

SUPPLEMENTARY INFORMATION

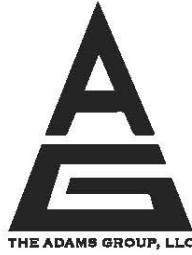
Combining Balance Sheet – Non-major Governmental Funds	29
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	30
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	31
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Craig Urban Renewal Authority Fund	32
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Museum Fund	33
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Proprietary Funds	
Water Fund	34
Wastewater Fund	35
Solid Waste Fund	36
Comparative Statement of Net Position – Medical Benefit Fund	37
Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual – Medical Benefit Fund	38
Statement of Cash Flows – Medical Benefit Fund	39

OTHER SUPPLEMENTARY INFORMATION – STATE COMPLIANCE

Local Highway Finance Report	40 - 41
------------------------------	---------

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42 - 43
Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	44 - 46
Schedule of Expenditures of Federal Awards	47
Notes to the Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49 - 50



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

City Council
Craig, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig (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 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.

Emphasis of Matter Paragraph

As described in Note 11 to the financial statements, the City's financial statements were restated in order to reflect a change in the City's methodology for the allocation of internal service fund activities between governmental activities and business-type activities on the government wide financial statements. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 and 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 accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

The Adams Group, LLC

Denver, Colorado
July 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

INTRODUCTION

Our discussion and analysis of the City of Craig financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities and deferred inflows of resources at December 31, 2022 by \$73,134,857. Of this amount, \$27,987,038 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens, creditors, and enterprise fund customers.
- The City's total net position increased by \$7,882,011 over the previous year. The increase was a result of significant increases in federal and state grant funding used for construction projects taken on by the City.
- At December 31, 2022, the City's governmental fund balance sheet reported a combined ending fund balance of \$17,858,207, an increase of \$5,234,248 when compared to the prior year.
- The General Fund reported a fund balance of \$17,006,886, an increase of \$5,108,565 from the prior fiscal year as a result of increased tax revenues and increase grant revenues from the State.
- The City's outstanding long-term debt decreased by \$336,946 in fiscal year 2022 as a result of the City making principal payments on all long term liabilities in 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. 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 supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as, uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, road and bridge, community development, and park and recreation. The City's business-type activities include a water and wastewater utility system, and a solid waste service.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Craig Urban Renewal Authority Fund, and the Museum Fund. The General Fund, is the only governmental fund considered to be a major fund in the current year.

The City adopts an annual appropriated budget for all funds, as required by State Statutes. Budgetary comparison statements have been provided for governmental funds to demonstrate compliance with the budget.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

Proprietary funds. The City maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and solid waste operations. The City uses an internal service fund to account for its medical benefits insurance program.

Financial statements of proprietary funds provide the same type of information as the government wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the City's water, wastewater, and solid waste, each of which is considered to be major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to 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, this report also presents certain supplementary information concerning budgetary comparison information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indication of a government's financial position. The City's assets exceeded its liabilities and deferred inflows of resources by \$73,134,857 at the close of the most recent fiscal year, representing an increase in total net position for the year amounting to \$7,882,011.

One of the largest portions of the City's net position (60.5%) reflects its investment in capital assets (for example, land, buildings, infrastructure, and machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$27,987,038 may be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

Condensed Statement of Net Position

	<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>
<u>Assets</u>						
Current and other assets	\$ 21,257,266	\$ 16,927,266	\$ 11,892,875	\$ 11,407,271	\$ 33,150,141	\$ 28,334,537
Right to use lease assets, net of accumulated amortization	222,016	-	-	-	222,016	-
Capital assets, net of depreciation	20,792,180	19,769,279	28,553,738	27,249,293	49,345,918	47,018,572
Total Assets	<u>42,271,462</u>	<u>36,696,545</u>	<u>40,446,613</u>	<u>38,656,564</u>	<u>82,718,075</u>	<u>75,353,109</u>
<u>Liabilities</u>						
Current liabilities	1,915,206	2,089,907	1,268,516	1,083,823	3,183,722	3,173,730
Noncurrent liabilities	173,090	-	4,759,856	5,367,270	4,932,946	5,367,270
Total Liabilities	<u>2,088,296</u>	<u>2,089,907</u>	<u>6,028,372</u>	<u>6,451,093</u>	<u>8,116,668</u>	<u>8,541,000</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	<u>1,466,550</u>	<u>1,494,806</u>	<u>-</u>	<u>-</u>	<u>1,466,550</u>	<u>1,494,806</u>
<u>Net Position</u>						
Net investment in capital assets	20,756,309	19,769,278	23,456,070	21,556,792	44,212,379	41,326,070
Restricted	665,837	721,988	269,603	-	935,440	721,988
Unrestricted	17,294,470	12,620,566	10,692,568	10,648,679	27,987,038	23,269,245
Total Net Position	<u>\$ 38,716,616</u>	<u>\$ 33,111,832</u>	<u>\$ 34,418,241</u>	<u>\$ 32,205,471</u>	<u>\$ 73,134,857</u>	<u>\$ 65,317,303</u>

At the end of the current fiscal year, as in the prior year, the City is able to report positive balances in all three categories of net position as a whole and individually within the governmental and business-type activities. Unrestricted net position increased by \$4,890,396 compared with the prior year, largely due to a significant increase in revenues associated with sales and property taxes and an increase in state and federal grant funding. Despite the struggling economy, the City's finances are strong, sound, and stable because of solid, dedicated and committed financial and operational management.

The changes in net position displayed subsequently shows the governmental and business-type activities during the previous two fiscal years. The increase in net position for each year represents the extent to which expenses were less than revenues during the year.

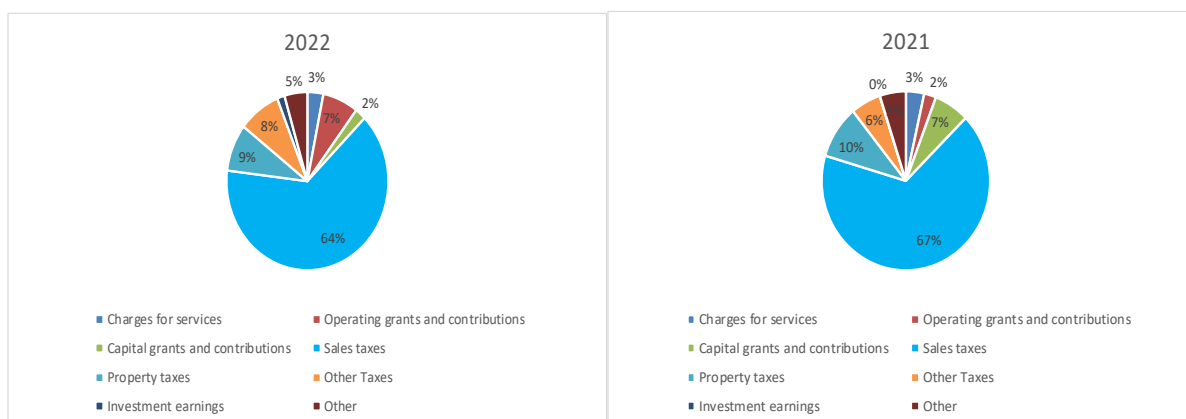
CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

City of Craig Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 570,176	\$ 535,728	\$ 7,215,083	\$ 7,157,759	\$ 7,785,259	\$ 7,693,487
Operating Grants & Contributions	1,274,426	354,440	-	-	1,274,426	354,440
Capital Grants & Contributions	384,567	1,037,769	973,609	573,249	1,358,176	1,611,018
General Revenues						
Sales Taxes	11,501,153	10,252,725	-	-	11,501,153	10,252,725
Property Taxes	1,536,698	1,474,713	-	-	1,536,698	1,474,713
Other Taxes & Fees	1,499,603	881,112	-	-	1,499,603	881,112
Investment Earnings	270,166	6,704	138,721	3,829	408,887	10,533
Other	814,627	766,141	97,013	88,555	911,640	854,696
Total Revenues	17,851,416	15,309,332	8,424,426	7,823,392	26,275,842	23,132,724
Expenses						
General Government	2,531,281	2,295,090	-	-	2,531,281	2,295,090
Public Safety	3,492,260	3,562,919	-	-	3,492,260	3,562,919
Road & Bridge	2,937,349	2,857,929	-	-	2,937,349	2,857,929
Community Development	415,179	217,153	-	-	415,179	217,153
Parks & Recreation	2,449,087	2,100,864	-	-	2,449,087	2,100,864
Water	-	-	3,044,813	2,952,459	3,044,813	2,952,459
Wastewater	-	-	1,636,034	1,461,606	1,636,034	1,461,606
Solid Waste	-	-	1,887,828	1,724,112	1,887,828	1,724,112
Total Expenses	11,825,156	11,033,955	6,568,675	6,138,177	18,393,831	17,172,132
Change in Net Position	6,026,260	4,275,377	1,855,751	1,685,215	7,882,011	5,960,592
Net Position - Beginning (as restated)	32,690,356	28,836,455	32,562,490	30,520,256	65,252,846	59,356,711
Net Position - Ending	\$ 38,716,616	\$ 33,111,832	\$ 34,418,241	\$ 32,205,471	\$ 73,134,857	\$ 65,317,303

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal years 2022 and 2021.

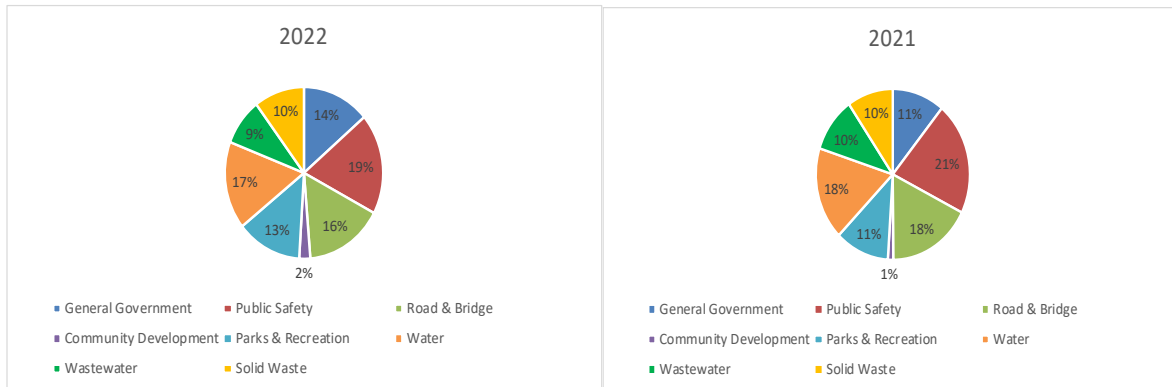
GOVERNMENTAL REVENUES



CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

As portrayed above and discussed earlier, the City is heavily reliant on sales tax as well as property taxes to support governmental operations. These tax revenues accounted for 73% of total revenues as compared to 77% in the prior year. The decrease is a result of a increase in capital grants and contributions.

GOVERNMENTAL FUNCTIONAL EXPENSES



Total expenses for governmental activities was \$11,825,156 in 2022 when compared to the 2021 total of \$11,033,955. Public Safety was the largest operating service for 2022 and 2021.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2022, the City's governmental funds reported combined fund balances of \$17,858,207, an increase of \$5,234,248 compared with the prior year balances. There is \$16,472,216 of unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance falls into the categories of either nonspendable, restricted, committed or assigned.

These categories indicate that the funds are not available for new spending because they have already been designated for a specific purpose either by action of the City, statutory or debt-based requirements.

The General Fund is the chief operating fund of the City. At December 31, 2022, total fund balance in the General Fund was \$17,006,886. As a measure of the General Fund's liquidity, the total fund balance amount represented 135% of total general fund expenditures at December 31, 2022. The fund balance of the General Fund increased by \$5,108,565 during the current fiscal year due to an increase in tax and grant revenues.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

The Capital Projects Fund has a total fund balance of \$478,014, 100% of which is assigned for capital improvements. The \$24,760 increase in fund balance for the year is the result of increased property tax collections and investment earnings in 2022.

The Craig Urban Renewal Authority Fund is a blended component unit of the City that began operations in 2022, and is presented as a special revenue fund in the City's statements. Total fund balance for the URA was a deficit of (\$5,698).

The Museum Fund has a total fund balance of \$379,005 100% of which is committed to support the operations of the Museum of Northwest Colorado. The \$106,621 increase in fund balance was the result of the General Fund transferring \$370,000 to cover operations and capital construction. This fund was newly created in 2020 after the transfer of operations and assets of the museum from Moffat County.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. At December 31, 2022, total net position amounted to \$34,308,291 for enterprise funds, an increase of \$1,929,190 from the prior year.

Total net position of the Water Fund amounted to \$23,047,149 at the end of the fiscal year, representing a \$1,007,100 increase compared to the prior fiscal year. The largest portion of the fund's net position (75%) reflects its investment in capital assets less any related debt used to acquire those assets. Operating revenues decreased 3%, or \$93,538 compared to 2021 due to a decrease in miscellaneous charges outside of consumption charges to customers within the City. Operating expenses increased \$61,697 compared to 2021, resulting in a decrease in operating income of \$155,335 compared to 2021.

The Wastewater Fund total net position amounted to \$8,554,285 at the end of the fiscal year, representing an increase of \$874,124 compared to the prior year. The largest portion of the fund's net position (65%) represents its investment in capital assets. Operating revenues increased \$76,280 and operating expenses increased \$145,662 when compared to the prior fiscal year, resulting in an decrease in operating income of \$69,382.

Total net position of the Solid Waste Fund amounted to \$2,706,857 at the end of the fiscal year, reflecting an increase of \$47,966 compared to the prior fiscal year. The largest portion of the fund's net position (73%) represents unrestricted net position, which may be used to meet the City's ongoing obligations to its customers of the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2022 as well as the final budget are presented. Actual revenues for the general fund showed a negative variance of \$1,522,177 compared to budgeted revenues due mostly to lower state grant revenues compared to the budget during the fiscal year.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

Expenditures for general government, public safety, road and bridge, community development, and parks and recreation were under budget by a total of \$8,489,613 due to a decrease in capital outlay and parks and recreation expenditures in 2022 when compared to the budget.

CAPITAL ASSEST 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 \$49,567,929 (net of accumulated depreciation). This investment in capital assets includes land and water rights, buildings and systems, machinery and equipment, infrastructure, and vehicles. The overall net increase in the City's capital assets for the current fiscal year was 5.8% due to depreciation and construction of the assets.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,555,077	\$ 1,555,077	\$ 1,719,009	\$ 1,719,009	\$ 3,274,086	\$ 3,274,086
Construction in Process	641,305	203,528	464,426	3,885,117	1,105,731	4,088,645
Buildings/Improvements	56,375,480	55,095,870	47,095,179	42,032,922	103,470,659	97,128,792
Machinery and Equipment	7,341,769	7,164,278	5,710,131	5,099,555	13,051,900	12,263,833
Right to Use Lease Assets	298,572	-	-	-	298,572	-
Total Assets	66,212,203	64,018,753	54,988,745	52,736,603	121,200,948	116,755,356
Total Accumulated Depreciation and Amortization	(45,198,007)	(44,249,474)	(26,435,007)	(25,487,306)	(71,633,014)	(69,736,780)
Net Capital and Leased Assets	<u>\$ 21,014,196</u>	<u>\$ 19,769,279</u>	<u>\$ 28,553,738</u>	<u>\$ 27,249,297</u>	<u>\$ 49,567,934</u>	<u>\$ 47,018,576</u>

Long-Term Debt. At the end of the current fiscal year, the City had total outstanding debt of \$5,625,157.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Lease Obligations	\$ 257,887	\$ -	\$ -	\$ -	\$ 257,887	\$ -
Lease Purchase Agreement	-	-	688,924	797,119	688,924	797,119
Series 2019 Bonds	-	-	1,803,846	2,133,691	1,803,846	2,133,691
Series 2020 Revolving Loan	-	-	2,874,501	3,031,294	2,874,501	3,031,294
Total	<u>\$ 257,887</u>	<u>\$ -</u>	<u>\$ 5,367,271</u>	<u>\$ 5,962,104</u>	<u>\$ 5,625,158</u>	<u>\$ 5,962,104</u>

CITY OF CRAIG
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2022

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

- Taxable property valuation decreased from \$78.69 million in 2021 to \$77.2 million in 2022. 2022 valuation is based on collections to be received by the City in 2022.
- Sales tax revenues were significantly higher than 2022 budgeted amounts as a result of: the Covid-19 pandemic, and citizens purchasing within city limits due to travel restrictions; the Wayfair decision triggering the reporting and collecting of sales tax for online sales; the collection of sales tax from retail marijuana sales.

Property tax rates remain unchanged for the 2023 fiscal year. All municipal services provided in 2022 will be continued in 2023.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 300 West 4th Street, City of Craig, Colorado 81625.

BASIC FINANCIAL STATEMENTS

CITY OF CRAIG
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 18,039,702	\$ 10,309,612	\$ 28,349,314
Restricted cash and cash equivalents	165,837	269,603	435,440
Receivables, net of allowance for doubtful accounts:			
Property tax	1,466,550	-	1,466,550
Accounts	1,587,129	733,759	2,320,888
Intergovernmental	61,945	66,207	128,152
Internal balances	(109,950)	109,950	-
Prepaid items	8,912	-	8,912
Inventory	37,141	403,744	440,885
Right to use lease asset, net of accumulated amortization	222,016	-	222,016
Capital assets not being depreciated	2,196,382	2,183,435	4,379,817
Capital assets, net of accumulated depreciation	18,595,798	26,370,303	44,966,101
Total assets	<u>42,271,462</u>	<u>40,446,613</u>	<u>82,718,075</u>
<u>Liabilities</u>			
Accounts payable	317,372	399,988	717,360
Accrued payroll	272,927	125,440	398,367
Unearned Revenue	922,156	-	922,156
Accrued interest payable	298	32,844	33,142
Long-term liabilities:			
Lease liability	173,090	-	173,090
Due within one year	402,453	710,244	1,112,697
Due in more than one year	-	4,759,856	4,759,856
Total liabilities	<u>2,088,296</u>	<u>6,028,372</u>	<u>8,116,668</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue-property taxes	1,466,550	-	1,466,550
Total deferred inflows of resources	<u>1,466,550</u>	<u>-</u>	<u>1,466,550</u>
<u>Net Position</u>			
Net investment in capital assets	20,756,309	23,456,070	44,212,379
Restricted			
Emergency reserves	500,000	-	500,000
Unspent loan proceeds	-	269,603	269,603
Future retirement contributions	165,837	-	165,837
Unrestricted	17,294,470	10,692,568	27,987,038
Total net position	<u>\$ 38,716,616</u>	<u>\$ 34,418,241</u>	<u>\$ 73,134,857</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes to Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,531,281	\$ 189,899	\$ 1,096,740	\$ -	\$ (1,244,642)	\$ -	\$ (1,244,642)
Public safety	3,492,260	74,937	56,746	20,890	(3,339,687)	-	(3,339,687)
Road and bridge	2,937,349	-	-	25,719	(2,911,630)	-	(2,911,630)
Community development	415,179	-	-	-	(415,179)	-	(415,179)
Parks and recreation	2,449,087	305,340	120,940	337,958	(1,684,849)	-	(1,684,849)
Total governmental activities	<u>11,825,156</u>	<u>570,176</u>	<u>1,274,426</u>	<u>384,567</u>	<u>(9,595,987)</u>	<u>-</u>	<u>(9,595,987)</u>
Business-type activities							
Water	3,044,813	3,317,087	-	548,679	-	820,953	820,953
Wastewater	1,636,034	2,028,706	-	424,930	-	817,602	817,602
Solid waste	1,887,828	1,869,290	-	-	-	(18,538)	(18,538)
Total business-type activities	<u>6,568,675</u>	<u>7,215,083</u>	<u>-</u>	<u>973,609</u>	<u>-</u>	<u>1,620,017</u>	<u>1,620,017</u>
	<u>\$ 18,393,831</u>	<u>\$ 7,785,259</u>	<u>\$ 1,274,426</u>	<u>\$ 1,358,176</u>	<u>(9,595,987)</u>	<u>1,620,017</u>	<u>(7,975,970)</u>
General Revenues:							
Taxes							
Sales and use tax					11,501,153	-	11,501,153
Property tax, levied for general purposes					1,536,698	-	1,536,698
Specific ownership tax					142,500	-	142,500
Franchise tax					300,551	-	300,551
Severance tax					663,981	-	663,981
Other taxes					392,571	-	392,571
Mineral lease revenue					568,602	-	568,602
Investment earnings					270,166	138,721	408,887
Gain on Sale of Assets					32,307	-	32,307
Miscellaneous					213,718	97,013	310,731
Total general revenues					<u>15,622,247</u>	<u>235,734</u>	<u>15,857,981</u>
Change in net position					6,026,260	1,855,751	7,882,011
Net position - Beginning (as restated)					<u>32,690,356</u>	<u>32,562,490</u>	<u>65,252,846</u>
Net position - Ending					<u>\$ 38,716,616</u>	<u>\$ 34,418,241</u>	<u>\$ 73,134,857</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
BALANCE SHEET GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Non-Major Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 16,823,219	\$ 851,816	\$ 17,675,035
Receivables, net			
Property tax	1,312,144	154,406	1,466,550
Accounts	1,582,377	4,752	1,587,129
Intergovernmental	61,945	-	61,945
Due from other funds	18,688	12,990	31,678
Prepaid items	8,912	-	8,912
Inventories	20,060	17,081	37,141
Total assets	<u>\$ 19,827,345</u>	<u>\$ 1,041,045</u>	<u>\$ 20,868,390</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>			
Accounts payable	\$ 314,102	\$ 2,770	\$ 316,872
Accrued payroll	259,067	13,860	272,927
Due to other funds	12,990	18,688	31,678
Unearned Revenues	922,156	-	922,156
Total liabilities	<u>1,508,315</u>	<u>35,318</u>	<u>1,543,633</u>
<u>Deferred inflows of resources</u>			
Unavailable property tax	1,312,144	154,406	1,466,550
Total deferred inflows of resources	<u>1,312,144</u>	<u>154,406</u>	<u>1,466,550</u>
<u>Fund balance:</u>			
Nonspendable			
Inventory	20,060	17,081	37,141
Prepays	8,912		8,912
Restricted for			
TABOR emergency reserve	500,000	-	500,000
Committed			
Museum	-	361,924	361,924
Assigned to			
Capital projects	-	478,014	478,014
Unassigned	16,477,914	(5,698)	16,472,216
Total fund balances	<u>17,006,886</u>	<u>851,321</u>	<u>17,858,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,827,345</u>	<u>\$ 1,041,045</u>	<u>\$ 20,868,390</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balances of Governmental Funds \$ 17,858,207

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

Capital assets and right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use lease asset, net of accumulated depreciation	222,016	
Capital assets	65,913,631	
Accumulated depreciation	<u>(45,121,451)</u>	
		21,014,196

Retirement forfeiture funds are not financial resources and are therefore not reported in the governmental fund balance sheet. 165,837

Long-term liabilities, including leases payable, accrued interest, and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Lease liabilities	(257,887)	
Compensated absences	(317,656)	
Accrued interest payable	<u>(298)</u>	
		(575,841)

Internal service funds are used by management for medical benefits. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

254,217

Net Position of Governmental Activities \$ 38,716,616

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General	Non-Major Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 13,309,581	\$ 185,407	\$ 13,494,988
Licenses and permits	189,899	-	189,899
Intergovernmental revenue	3,151,744	118,317	3,270,061
Charges for services	284,627	20,713	305,340
Fines and forfeitures	74,937	-	74,937
Investment earnings	261,236	6,927	268,163
Miscellaneous	149,554	27,183	176,737
Total revenues	<u>17,421,578</u>	<u>358,547</u>	<u>17,780,125</u>
<u>Expenditures</u>			
Current			
General government	1,484,138	21,831	1,505,969
Judicial	104,740	-	104,740
Public safety	3,188,501	-	3,188,501
Road and bridge	2,199,508	-	2,199,508
Community development	406,348	-	406,348
Parks and recreation	1,779,568	408,039	2,187,607
Capital outlay	3,066,940	172,994	3,239,934
Debt Service			
Principal - leases	40,684	-	40,684
Interest - leases	3,464	-	3,464
Total expenditures	<u>12,273,891</u>	<u>602,864</u>	<u>12,876,755</u>
Excess (deficiency) of revenues over (under) expenditures	5,147,687	(244,317)	4,903,370
<u>Other financing sources (uses)</u>			
Proceeds from Sale of Capital Assets	32,307	-	32,307
Proceeds from long term lease liabilities	298,571	-	298,571
Transfers in	-	370,000	370,000
Transfers out	(370,000)	-	(370,000)
Total other financing sources (uses)	<u>(39,122)</u>	<u>370,000</u>	<u>330,878</u>
Net changes in fund balances	5,108,565	125,683	5,234,248
Fund balances - beginning of year	<u>11,898,321</u>	<u>725,638</u>	<u>12,623,959</u>
Fund balances - end of year	<u>\$ 17,006,886</u>	<u>\$ 851,321</u>	<u>\$ 17,858,207</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net Changes in Fund Balances of Governmental Funds	\$	5,234,248
--	----	-----------

Amounts reported for governmental activities in the statement of net position 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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year.

Capital outlay	2,508,425	
Amortization expense - right to use asset	(76,555)	
Depreciation expense	<u>(1,186,953)</u>	
		1,244,917

Some expenses and revenue reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues in governmental funds.

Retirement forfeitures	(91,151)	
Change in accrued interest payable	<u>(298)</u>	
		(91,449)

Payments of debt principal and proceeds from debt issuance are considered changes in long-term liabilities. These are the principal payments and debt issuance proceeds during the year.

Principal - leases	40,684	
Proceeds from long term lease liabilities	<u>(298,571)</u>	
		(257,887)

Changes in accrued compensated absences are considered changes in long-term liabilities. This is the change in compensated absences during the year.

66,156

Internal service funds are used by management for medical benefits. The net income of certain activities of the internal service fund are reported with governmental activities on the Statement of Activities.

(169,725)

Change in Net Position of Governmental Activities	\$	<u>6,026,260</u>
---	----	------------------

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 5,531,178	\$ 2,908,289	\$ 1,870,145	\$ 10,309,612	\$ 364,667
Restricted cash and cash equivalents	269,603	-	-	269,603	-
Receivables, net of allowance for doubtful accounts	276,085	220,918	236,756	733,759	-
Receivables, intergovernmental	49,510	16,697	-	66,207	-
Inventory	347,580	56,164	-	403,744	-
Total current assets	6,473,956	3,202,068	2,106,901	11,782,925	364,667
Noncurrent assets					
Non-depreciable capital assets	1,502,480	680,955	-	2,183,435	-
Depreciable capital assets, net	20,398,536	5,227,467	744,300	26,370,303	-
Total noncurrent assets	21,901,016	5,908,422	744,300	28,553,738	-
Total Assets	28,374,972	9,110,490	2,851,201	40,336,663	364,667
<u>Liabilities</u>					
Current liabilities					
Accounts payable	212,444	124,497	63,047	399,988	500
Accrued payroll	52,414	34,608	38,418	125,440	-
Accrued interest payable	28,416	4,428	-	32,844	-
Compensated absences	45,759	14,191	42,879	102,829	-
Notes payable	546,866	60,549	-	607,415	-
Total current liabilities	885,899	238,273	144,344	1,268,516	500
Noncurrent liabilities					
Notes payable	4,441,924	317,932	-	4,759,856	-
Total Liabilities	5,327,823	556,205	144,344	6,028,372	500
<u>Net Position</u>					
Net Investment in capital assets	17,181,829	5,529,941	744,300	23,456,070	-
Restricted	269,603	-	-	269,603	-
Unrestricted	5,595,717	3,024,344	1,962,557	10,582,618	364,167
Total Net Position	\$ 23,047,149	\$ 8,554,285	\$ 2,706,857	\$ 34,308,291	\$ 364,167
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				109,950	
Net Position of Business Type Activities				\$ 34,418,241	

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
<u>Operating Revenues</u>					
Charges for services	\$ 3,317,087	\$ 2,028,706	\$ 1,869,290	\$ 7,215,083	\$ 2,114,196
Miscellaneous	79,744	-	17,269	97,013	-
Total Operating Revenues	<u>3,396,831</u>	<u>2,028,706</u>	<u>1,886,559</u>	<u>7,312,096</u>	<u>2,114,196</u>
<u>Operating Expenses</u>					
Salaries	831,245	600,943	608,398	2,040,586	-
Employee benefits	354,056	240,020	269,517	863,593	58,913
Depreciation	690,984	315,904	139,515	1,146,403	-
Repairs and maintenance	320,351	106,985	84,252	511,588	-
Utilities	252,053	135,567	11,812	399,432	-
Landfill fees	-	-	518,826	518,826	-
Chemicals	210,094	2,497	-	212,591	-
Insurance and bonds	74,803	34,283	22,961	132,047	2,288,523
Supplies	34,847	36,059	173,526	244,432	-
Other purchased services	168,514	136,225	36,411	341,150	-
Miscellaneous	-	-	-	-	10,000
Total Operating Expenses	<u>2,936,947</u>	<u>1,608,483</u>	<u>1,865,218</u>	<u>6,410,648</u>	<u>2,357,436</u>
Operating Income	<u>459,884</u>	<u>420,223</u>	<u>21,341</u>	<u>901,448</u>	<u>(243,240)</u>
<u>Non-operating Revenues (Expenses)</u>					
Investment earnings	76,135	35,961	26,625	138,721	1,775
Interest expense	(77,598)	(6,990)	-	(84,588)	-
Total Non-operating Revenues	<u>(1,463)</u>	<u>28,971</u>	<u>26,625</u>	<u>54,133</u>	<u>1,775</u>
Income Before Contributions and Transfers	458,421	449,194	47,966	955,581	(241,465)
<u>Capital Contributions</u>	<u>548,679</u>	<u>424,930</u>	<u>-</u>	<u>973,609</u>	<u>-</u>
Change in Net Position	<u>1,007,100</u>	<u>874,124</u>	<u>47,966</u>	<u>1,929,190</u>	<u>(241,465)</u>
Total Net Position - Beginning	<u>22,040,049</u>	<u>7,680,161</u>	<u>2,658,891</u>	<u>32,379,101</u>	<u>605,632</u>
Total Net Position - Ending	<u>\$ 23,047,149</u>	<u>\$ 8,554,285</u>	<u>\$ 2,706,857</u>	<u>\$ 34,308,291</u>	<u>\$ 364,167</u>
Change in Net Position of Enterprise Funds				\$ 1,929,190	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(73,439)	
Change in Net Position of Business Type Activities				<u>\$ 1,855,751</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash received from customers and others	\$ 3,315,532	\$ 2,009,297	\$ 1,832,592	\$ 7,157,421	\$ 2,114,196
Cash paid for goods and services	(1,194,577)	(844,988)	(862,498)	(2,902,063)	(57,659)
Cash paid to employees	(915,913)	(475,230)	(829,399)	(2,220,542)	-
Other cash receipts	79,744	-	17,269	97,013	(2,290,777)
Other payments	-	-	-	-	(10,000)
Net Cash Provided by Operating Activities	<u>1,284,786</u>	<u>689,079</u>	<u>157,964</u>	<u>2,131,829</u>	<u>(244,240)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(1,485,293)	(684,255)	(281,301)	(2,450,849)	-
Capital grants and contributions	502,377	449,574	-	951,951	-
Loan proceeds	-	(59,508)	-	(59,508)	-
Principal paid on capital debt	(535,325)	-	-	(535,325)	-
Interest paid on capital debt	(82,393)	(7,685)	-	(90,078)	-
Net Cash (Used) by Capital and Related Financing Activity	<u>(1,600,634)</u>	<u>(301,874)</u>	<u>(281,301)</u>	<u>(2,183,809)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest on investment	76,135	35,961	26,626	138,722	1,775
Net Cash Provided by Investing Activities	<u>76,135</u>	<u>35,961</u>	<u>26,626</u>	<u>138,722</u>	<u>1,775</u>
Net Change in Cash and Cash Equivalents	(239,713)	423,166	(96,711)	86,742	(242,465)
Cash and Cash Equivalents - Beginning	6,040,494	2,485,123	1,966,856	10,492,473	607,132
Cash and Cash Equivalents - Ending	<u>\$ 5,800,781</u>	<u>\$ 2,908,289</u>	<u>\$ 1,870,145</u>	<u>\$ 10,579,215</u>	<u>\$ 364,667</u>
Reconciliation of Operating Income (Loss) to					
Net Cash Provided by Operating Activities					
Operating income	\$ 459,884	\$ 420,223	\$ 21,341	\$ 901,448	\$ (243,240)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	690,984	315,904	139,515	1,146,403	-
(Increase) decrease in accounts receivable	(1,555)	(19,409)	(36,698)	(57,662)	-
(Increase) in inventory	(18,029)	(17,933)	-	(35,962)	-
Increase (decrease) in accounts payable	153,690	(5,681)	18,389	166,398	(1,000)
Increase (decrease) in accrued payroll	9,088	5,889	10,122	25,099	-
Increase (decrease) in compensated absences	(9,276)	(9,914)	5,295	(13,895)	-
Total Adjustments	<u>824,902</u>	<u>268,856</u>	<u>136,623</u>	<u>1,230,381</u>	<u>(1,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,284,786</u>	<u>\$ 689,079</u>	<u>\$ 157,964</u>	<u>\$ 2,131,829</u>	<u>\$ (244,240)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Craig, Colorado (the “City”), is a home Rule City (a municipal corporation, as defined by Colorado Revised Statutes). An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City provides the following services: public safety, public works, culture and recreation facilities and activities, water and wastewater services, and sanitation services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standard Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the City, and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Component Units - The accompanying financial statements present the primary government and the following blended component units (an entity for which the government is considered to be financially accountable).

Craig Urban Renewal Authority No. 1 – The urban renewal authority was formed on March 9, 2021. The urban renewal authority consists of two plan areas, and the City has agreed to collect and remit sales tax increment and property tax increment revenues for the tow plan areas to the authority for the purposes of funding the operations of the authority. The authority’s first year of financial activity was fiscal year 2022, and is presented as a special revenue fund in the financial statements..

The Center of Craig – The Center services all citizens of the City and is governed by a board appointed by the City Council. The City has pledged to support the entity in its operations for providing meeting and activity space for citizens and organizations of the City. The Center of Craig is reported as a part of the General Fund. The Center does not issue separate financial statements.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures - The Craig/Moffat County Airport joint operations was created for the purposes of operating an airport for the benefit of the citizens of Craig and unincorporated Moffat County. The City provided approximately \$40,166 of funding for on-going airport operations for the year ended December 31, 2021. The Airport is included in the financial statements of Moffat County. At December 31, 2021, which is the date the latest information is available, the Airport fund's fund balance was approximately 245% of expenditures.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these financial statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

the current year. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

In the fund financial statements, the City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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. 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.

The City reports the following proprietary or business-type funds:

The *Water Fund* accounts for the delivery of water to the citizens of the City.

The *Wastewater Fund* accounts for sewer service to the citizens of the City.

The *Solid Waste Fund* accounts for waste collection and disposal for the citizens of the City.

The City reports one internal service fund, the *Medical Benefit Fund*, which accounts for medical benefits provided to City employees.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions, and; 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Interfund transactions are treated and classified as revenues, expenditures, or expenses. These include interfund transfers from one fund to another for the purchase of goods or services. In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and business-type activities.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents – The City’s cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Whenever possible the City pools cash equivalents to enhance investment opportunities and to facilitate management of cash resources. Investments are made taking into consideration safety, liquidity, and income potential. The City makes investments pursuant to relevant State of Colorado statutes. Investments are reported in accordance with GASB Statement 72, as amended.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2022, the City believes all amounts recorded are fully collectible.

Activities between funds that represent lending/borrowing arrangements at the end of the fiscal year are referred to as either “due (to)/from other funds.” Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

By December 15 of each year, property taxes for the City are levied by the Council and certified to Moffat County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by Moffat County on behalf of the City.

Property taxes levied in the General Fund and the Capital Projects Fund and are included in receivables and deferred inflows at December 31, 2022. These taxes are classified as deferred inflows since they are not normally available to the City until mid-2023 and are budgeted for in 2022.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Inventories – Business-type fund inventory consists of supplies held for consumption. Inventory is carried at cost using the first-in, first-out method. The cost is recorded as an expenditure at the time individual inventory items are consumed (consumption method). Inventories held by the governmental funds are recorded at average cost.

Prepaid Items – Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption method).

Leased Assets – In June 2017 the Governmental Accounting Standards Board (GASB) adopted Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financing the right to use and underlying asset. The City determines if an arrangement is a lease at inception. Lease assets represent the City's control of the right to use an underlying asset for the lease term, in an exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the useful life of the underlying asset.

Capital Assets – Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2000), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at acquisition cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital outlay for projects are capitalized as projects are constructed.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	20 – 50 years
Buildings and improvements	10 – 50 years
Furniture and fixtures	10 years
Vehicles	4 – 8 years
Other equipment	5 – 10 years
Computer equipment	5 years

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Compensated Absences – Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City’s past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only when due.

Long-Term Obligations – In government wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long term obligations are reported as liabilities.

Deferred Outflows and Inflows of Resources – In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period.

Both deferred outflows and inflows are reported in the statement of net position but are recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Deferred inflows of resources for the City consist of property taxes receivable. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Fund Balance - Fund balances of governmental funds are reported in various categories, based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources for specific purposes.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Nonspendable fund balance – The amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – The 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 the City itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned fund balance – Amounts are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund assigned amounts represent intended use established by the Board, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance – Is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

Estimates - The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets are adopted for all funds of the City as required by State statutes. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted. All annual appropriations lapse at fiscal year-end.

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15 each year, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.

Prior to December 15 each year, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

During the year ended December 31, 2022, one of the City's funds overspent compared to budgeted expenditures. This may be a violation of Colorado Budget Law. The Craig Urban Renewal Authority Fund over spent budgeted expenditures by \$3,688 due to incurring higher legal and operational fees than budgeted.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments at December 31, 2022 consisted of the following:

Petty Cash	\$	2,697
Cash Deposits		4,138,713
Investments		24,207,904
Funds held by others		435,440
Total	\$	<u>28,784,754</u>

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. City bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the City's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (PDPA).

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022, the carrying amount of the City's deposits was \$4,138,713 and the bank balance was \$4,211,289 of which \$250,000 was covered by FDIC insurance and the remainder covered by the PDPA.

Investments

The City is required to comply with State statutes which specify the investments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The City's investment policy does not further limit these investment choices.

- Obligations of the United States, certain U.S. agency securities and the World Bank
- 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
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City limits investments to maturities of less than five years and a weighted average maturity of less than three years.

Credit Risk – The City has not adopted a formal investment policy; however, the City follows state statutes regarding investments. Colorado Statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest.

Concentration of Credit Risk – Except for corporate securities, State statutes do not limit the amount the City may invest in any single investment or issuer.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pools – At December 31, 2022, the City had \$24,014,946 and \$192,958 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively, investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools operate similarly to money market funds and each share is valued at \$1.00. Both pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the funds.

Fair Value Hierarchy – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in ColoTrust is measured at net asset value, equal to \$1.00 per share. The City's investment in CSAFE is valued at net asset value equal to \$1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted Cash and Investments – At December 31, 2022 the Water fund reported \$269,603 of note proceeds that were held by the Colorado Water Resources & Power Development Authority to be drawn on by the City as needed to cover the costs of certain water projects. The Governmental Activities reported \$165,837 of retirement forfeiture funds that are restricted for future retirement contributions.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is summarized below for governmental activities:

GOVERNMENT ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,555,077	\$ -	\$ -	\$ 1,555,077
Construction in Progress	203,528	508,700	(70,923)	641,305
Total capital assets, not being depreciated	<u>1,758,605</u>	<u>508,700</u>	<u>(70,923)</u>	<u>2,196,382</u>
Capital assets, being depreciated				
Infrastructure	48,311,756	1,253,167	(5,310)	49,559,613
Buildings and improvements	6,784,114	31,753	-	6,815,867
Vehicles and equipment	7,164,278	508,228	(330,737)	7,341,769
Total capital assets being depreciated	<u>62,260,148</u>	<u>1,793,148</u>	<u>(336,047)</u>	<u>63,717,249</u>
Less accumulated depreciation for				
Infrastructure	(35,217,562)	(494,389)	5,310	(35,706,641)
Buildings and improvements	(3,139,818)	(233,595)	-	(3,373,413)
Vehicles and equipment	(5,892,094)	(458,969)	309,666	(6,041,397)
Total accumulated depreciation	<u>(44,249,474)</u>	<u>(1,186,953)</u>	<u>314,976</u>	<u>(45,121,451)</u>
Total capital assets, being depreciated, net	<u>18,010,674</u>	<u>606,195</u>	<u>(21,071)</u>	<u>18,595,798</u>
Government activities capital assets, net	<u>\$ 19,769,279</u>	<u>\$ 1,114,895</u>	<u>\$ (91,994)</u>	<u>\$ 20,792,180</u>

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

Governmental activities	
General government	\$ 197,106
Public safety	56,957
Road and bridge	700,544
Parks and recreation	232,346
Total	<u>\$ 1,186,953</u>

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

GOVERNMENT ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Leased assets, being amortized				
Buildings	\$ -	\$ 298,572	\$ -	\$ 298,572
Total leased assets being amortized	-	298,572	-	298,572
Accumulated amortization				
Buildings	-	(76,556)	-	(76,556)
Total accumulated amortization	-	(76,556)	-	(76,556)
Total lease assets, being amortized, net	\$ -	\$ 222,016	\$ -	\$ 222,016

Amortization expense was charged to the public safety function on the statement of activities.

Capital asset activity for the year ended December 31, 2022 is summarized below for business-type activities:

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,719,009	\$ -	\$ -	\$ 1,719,009
Construction in Progress	3,885,117	464,425	(3,885,116)	464,426
Total capital assets, not being depreciated	5,604,126	464,425	(3,885,116)	2,183,435
Capital assets, being depreciated				
Infrastructure and buildings	42,032,922	5,062,257	-	47,095,179
Vehicles and equipment	5,099,555	807,478	(196,902)	5,710,131
Total capital assets being depreciated	47,132,477	5,869,735	(196,902)	52,805,310
Less accumulated depreciation for				
Infrastructure and buildings	(21,319,038)	(898,360)	-	(22,217,398)
Vehicles and equipment	(4,168,268)	(246,243)	196,902	(4,217,609)
Total accumulated depreciation	(25,487,306)	(1,144,603)	196,902	(26,435,007)
Total capital assets, being depreciated, net	21,645,171	4,725,132	-	26,370,303
Business-type activities capital assets, net	\$ 27,249,297	\$ 5,189,557	\$ (3,885,116)	\$ 28,553,738

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 5 - LONG-TERM DEBT

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
Lease obligations	\$ -	\$ 298,571	\$ 40,684	\$ 257,887	\$ 84,797
Compensated absences	383,812	181,006	247,162	317,656	317,656
Total	<u>\$ 383,812</u>	<u>\$ 479,577</u>	<u>\$ 287,846</u>	<u>\$ 575,543</u>	<u>\$ 402,453</u>

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Business type					
Water revenue refunding note, Series 2019	\$ 2,133,691	\$ -	\$ 329,845	\$ 1,803,846	\$ 339,747
Drinking water revolving loan note, Series 2020	3,031,294	-	156,793	2,874,501	157,578
Lease Purchase Agreement	797,119	-	108,195	688,924	110,090
Compensated absences	116,724	98,989	112,884	102,829	102,829
Total	<u>\$ 6,078,828</u>	<u>\$ 98,989</u>	<u>\$ 707,717</u>	<u>\$ 5,470,100</u>	<u>\$ 710,244</u>

Colorado Water Resources and Power Development Authority Note 2006 – In 2006, the City entered into an agreement with the Colorado Water Resources and Power Development Authority. The City’s participation related to the Authority’s 2006 Series A, Clean Water Revenue Bond Issue, to finance improvements to the City’s water system. The improvements are financed by a 20-year note in the amount of \$6,056,378, payable in annual installments of varying amounts.

In 2018, the City refunded the 2006 note and issued a Series 2018 note in the amount of \$3,213,734, payable in semi-annual installments of \$195,495 including principal and interest. The note carries interest of 2.98% and matures in 2027. The note is subject to a prepayment penalty of 2% of the outstanding principal amount.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 5 - LONG-TERM DEBT (CONTINUED)

In 2019, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority. The City's participation related to the Authority's Disadvantaged Communities Loan Program issued a Series 2019 note in the amount of \$3,200,000 to finance improvements to the City's water system. The note is payable in semi-annual installments of \$85,877 including principal and interest over 20 years. The note carries interest of .50% and matures in 2040.

The City entered into a lease purchase agreement with All American Investment Group to fund part of the construction costs of the Solar Net Metering Field installed in 2021. The lease is payable in annual installments of \$122,167, including principal and interest through 2028. The lease purchase agreement carries an interest rate of 1.75%

Debt Service Requirements

The following outlines the debt service requirements for the City's notes:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 607,415	\$ 77,495	\$ 684,910
2024	620,330	64,580	684,910
2025	633,590	51,321	684,911
2026	647,203	37,708	684,911
2027	661,179	23,731	684,910
2028-2032	931,938	44,931	976,869
2033-2037	836,566	22,200	858,766
2038-2040	429,049	3,202	432,251
	<u>\$ 5,367,270</u>	<u>\$ 325,168</u>	<u>\$ 5,692,438</u>

During 2016, The City entered into a lease agreement with Moffat County to lease space within the Moffat County Public Safety Complex to house the City's police department. During the year ended December 31, 2022, the City implemented GASB Statement No. 87 which required the re-measurement of the right to use lease asset and lease liability in the year of implementation. See Note 4 for additional information on the right to use asset.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following outlines the City's future commitments under long term lease obligations:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 84,797	\$ 2,983	\$ 87,780
2024	85,953	1,827	87,780
2025	87,137	643	87,780
	<u>\$ 257,887</u>	<u>\$ 5,453</u>	<u>\$ 263,340</u>

Accrued Compensated Absences – Earned but unused vacation and sick benefits amounted to \$317,656 in governmental activities and \$102,829 in business-type activities as of December 31, 2022. The General Fund is used to pay compensated absences of the Governmental Funds.

NOTE 6 - PENSION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City is neither the trustee nor the administrator for the plan.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PENSION PLANS (CONTINUED)

Deferred Compensation Plan – Section 401(a)

The City participates in a defined contribution retirement plan covering all full-time employees. The plan is administrated by MissionSquare Retirement Corporation and the City has no fiduciary responsibility for the plan. The City contributes 12% of the compensation and the employees contribute 6%. Plan contributions for the year ended December 31, 2022 were \$743,867 for the City and \$371,783 for the employees. The plan vests at a rate of 20% per year and is fully vested after five years. Unvested City contributions for employees who leave employment before five years are used to reduce the City's current period contribution requirement.

\$130,135 of forfeitures funds were used to reduce the City's contributions in 2022. The current balance in the forfeiture account is \$165,837.

NOTE 7 - COMMITMENT AND CONTIGENCIES

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City has entered into employment contracts with certain City staff. These employment contracts are of varying length and include termination payments of different amounts.

NOTE 8 - 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; and general liability. The City carries commercial and trust coverage for these risks and does not expect claims to exceed their coverage, nor have settlement claims exceeded coverage in any of the previous three years.

NOTE 9 - INTERGOVERNMENTAL AGREEMENT

On October 21, 2014, the City entered into an agreement with the Colorado River Water Conservation District (CRWCD). The agreement specifies the allocation of expenses for the operation, maintenance, repair and replacement of Elkhead Reservoir. Recreation facility and management expenses at Elkhead Reservoir shall be allocated 50% to the City and 50% to CRWCD. All other operation, maintenance, repair and replacement costs shall be allocated 51.75% to the City and 48.25% to CRWCD. The City received reimbursement of 2022 operating expenses of \$17,033.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 10 - RELATED PARTY TRANSACTIONS

The City from time to time in the normal course of business executes transactions with local businesses which in some cases may be owned by members of the City Council as well as provide utility services to those members and businesses. The City believes that transactions when they arise are handled in a manner which is consistent with its normal procurement policies.

NOTE 11 - RESTATEMENT OF BEGINNING NET POSITION

For the year ended December 31, 2022, the City reconciled the allocation of the medical benefits internal service funds between the governmental and business type activities. As a result of the reconciliation, the City reported a prior period adjustment. The impact on beginning net position is shown below:

	Governmental Activities	Business Type Activities
Net position, December 31, 2021	\$ 33,111,832	\$ 32,205,471
Prior period adjustment	(421,476)	357,019
Net position, December 31, 2021, as restated	<u>\$ 32,690,356</u>	<u>\$ 32,562,490</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIG
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Revenues					
Taxes					
General property taxes	\$ 1,338,270	\$ 1,338,270	\$ 1,344,967	\$ 6,697	\$ 1,279,868
Specific ownership taxes	91,000	91,000	127,497	36,497	123,089
Sales tax	9,646,500	9,646,500	11,488,163	1,841,663	10,252,725
Franchise tax	300,000	300,000	300,551	551	297,456
Interest and penalties	11,000	11,000	34,317	23,317	43,970
Cigarette taxes	12,000	12,000	14,086	2,086	21,599
Total taxes	<u>11,398,770</u>	<u>11,398,770</u>	<u>13,309,581</u>	<u>1,910,811</u>	<u>12,018,707</u>
Licenses and permits					
Building permits	51,000	51,000	143,817	92,817	167,975
Miscellaneous	71,100	71,100	46,082	(25,018)	36,623
Total licenses and permits	<u>122,100</u>	<u>122,100</u>	<u>189,899</u>	<u>67,799</u>	<u>204,598</u>
Intergovernmental revenues					
Highway user taxes	315,800	315,800	323,913	8,113	339,545
Motor vehicle tax	37,500	37,500	54,572	17,072	44,766
State grants	6,004,530	6,004,530	1,368,210	(4,636,320)	1,143,131
Mineral lease	350,000	350,000	568,602	218,602	480,188
Severance tax	130,000	130,000	663,981	533,981	40,126
State lottery	90,000	90,000	115,720	25,720	109,394
Public safety grants	-	-	56,746	56,746	67,004
Total intergovernmental revenues	<u>6,927,830</u>	<u>6,927,830</u>	<u>3,151,744</u>	<u>(3,776,086)</u>	<u>2,224,154</u>
Charges for services					
Recreation program fees	184,355	184,355	169,316	(15,039)	158,006
Swimming pool fees	73,400	73,400	106,594	33,194	108,394
Concessions	22,000	22,000	8,717	(13,283)	2,443
Total charges for services	<u>279,755</u>	<u>279,755</u>	<u>284,627</u>	<u>4,872</u>	<u>268,843</u>
Fines and forfeitures	<u>50,900</u>	<u>50,900</u>	<u>74,937</u>	<u>24,037</u>	<u>39,255</u>
Investment Earnings	<u>7,000</u>	<u>7,000</u>	<u>261,236</u>	<u>254,236</u>	<u>6,477</u>
Miscellaneous					
Rents and royalties	67,400	67,400	69,535	2,135	68,613
Contributions	75,000	75,000	15,800	(59,200)	98,000
Miscellaneous	15,000	15,000	64,219	49,219	34,022
Total Miscellaneous	<u>157,400</u>	<u>157,400</u>	<u>149,554</u>	<u>(7,846)</u>	<u>200,635</u>
Total Revenues	<u>\$ 18,943,755</u>	<u>\$ 18,943,755</u>	<u>\$ 17,421,578</u>	<u>\$ (1,522,177)</u>	<u>\$ 14,962,669</u>

See the accompanying independent auditor's report

CITY OF CRAIG
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022				2021
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Expenditures					
General government					
City council	\$ 222,460	\$ 222,460	\$ 193,595	\$ 28,865	\$ 222,845
Administration	285,140	289,510	279,375	10,135	381,948
Engineering	266,370	268,080	175,186	92,894	191,814
Finances	421,230	427,790	365,713	62,077	450,415
Clerk and personnel	235,510	240,000	226,556	13,444	218,032
Building maintenance	93,800	93,800	128,654	(34,854)	137,106
City attorney	150,230	152,480	115,059	37,421	117,297
Total general government	1,674,740	1,694,120	1,484,138	209,982	1,719,457
Judicial					
Municipal	103,060	105,190	104,740	450	111,566
Total judicial	103,060	105,190	104,740	450	111,566
Public safety					
Police	3,352,440	3,458,885	3,188,501	270,384	3,284,816
Total public safety	3,352,440	3,458,885	3,188,501	270,384	3,284,816
Road and bridge	2,482,050	2,522,130	2,199,508	322,622	2,225,290
Community Development	445,890	482,110	406,348	75,762	218,712
Parks and Recreation					
General operations	1,203,128	1,261,168	1,039,324	221,844	915,732
Pool complex	409,508	409,508	337,533	71,975	337,110
Center of Craig	40,100	40,100	31,410	8,690	23,615
Recreation programs	376,513	376,513	371,301	5,212	287,344
Total parks and recreation	2,029,249	2,087,289	1,779,568	307,721	1,563,801
Capital outlay	8,815,016	10,413,780	3,066,940	7,346,840	3,495,292
Debt Service					
Principal - leases	-	-	40,684	(40,684)	-
Interest - leases	-	-	3,464	(3,464)	-
Total Debt Service	-	-	44,148	(44,148)	-
Total Expenditures	\$ 18,902,445	\$ 20,763,504	\$ 12,273,891	\$ 8,489,613	\$ 12,618,934
Other financing sources (uses)					
Proceeds from Sale of Capital Assets	\$ -	\$ -	\$ 32,307	\$ (32,307)	\$ 17,043
Proceeds from long term lease liabilities	-	-	298,571	-	-
Transfers in	60,000	-	-	-	-
Transfers out	(370,000)	(370,000)	(370,000)	-	(300,000)
Total Other Financing Sources (Uses)	(310,000)	(370,000)	(39,122)	(32,307)	(282,957)
Net change in fund balance	\$ (268,690)	\$ (2,189,749)	5,108,565	\$ (10,044,097)	2,060,778
Fund Balances - Beginning			11,898,321		9,837,543
Fund Balances - Ending			\$ 17,006,886		\$ 11,898,321

See the accompanying independent auditor's report

SUPPLEMENTARY INFORMATION

CITY OF CRAIG
COMBINING BALANCE SHEET,
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 476,746	\$ -	\$ 375,070	\$ 851,816
Receivables, net				
Property tax	154,406	-	-	154,406
Accounts	1,268	-	3,484	4,752
Due from other funds	-	12,990	-	12,990
Inventory	-	-	17,081	17,081
Total assets	<u>\$ 632,420</u>	<u>\$ 12,990</u>	<u>\$ 395,635</u>	<u>\$ 1,041,045</u>
<u>Liabilities, deferred inflows of resources, and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 2,770	\$ 2,770
Due to other funds	-	18,688	-	18,688
Accrued Payroll	-	-	13,860	13,860
Total liabilities	<u>-</u>	<u>18,688</u>	<u>16,630</u>	<u>35,318</u>
<u>Deferred inflows of resources</u>				
Unavailable property tax	154,406	-	-	154,406
Total deferred inflows of resources	<u>154,406</u>	<u>-</u>	<u>-</u>	<u>154,406</u>
<u>Fund balance:</u>				
Nonspendable				
Inventory	-	-	17,081	17,081
Restricted				
Museum	-	-	361,924	361,924
Assigned to				
Capital Improvements	478,014	-	-	478,014
Unassigned	-	(5,698)	-	(5,698)
Total fund balances	<u>478,014</u>	<u>(5,698)</u>	<u>379,005</u>	<u>851,321</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 632,420</u>	<u>\$ 12,990</u>	<u>\$ 395,635</u>	<u>\$ 1,041,045</u>

CITY OF CRAIG
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental Funds
<u>Revenues</u>				
Taxes	\$ 172,417	\$ 12,990	\$ -	\$ 185,407
Intergovernmental revenue	-	-	118,317	118,317
Charges for services	-	-	20,713	20,713
Investment earnings	6,927	-	-	6,927
Miscellaneous	-	-	27,183	27,183
Total revenues	<u>179,344</u>	<u>12,990</u>	<u>166,213</u>	<u>358,547</u>
<u>Expenditures</u>				
General Government	3,143	18,688	-	21,831
Parks and Recreation	-	-	408,039	408,039
Capital Outlay	151,441	-	21,553	172,994
Total expenditures	<u>154,584</u>	<u>18,688</u>	<u>429,592</u>	<u>602,864</u>
Excess (deficiency) revenues over (under) expenditures	24,760	(5,698)	(263,379)	(244,317)
<u>Other financing sources (uses)</u>				
Transfers in	-	-	370,000	370,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>370,000</u>	<u>370,000</u>
Net change in fund balance	24,760	(5,698)	106,621	125,683
Fund Balances - Beginning	453,254	-	272,384	725,638
Fund Balances - Ending	<u>\$ 478,014</u>	<u>\$ (5,698)</u>	<u>\$ 379,005</u>	<u>\$ 851,321</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Revenues</u>					
Property taxes	\$ 157,480	\$ 157,480	\$ 157,414	\$ (66)	\$ 150,875
Specific ownership taxes	8,800	8,800	15,003	6,203	14,531
Investment earnings	200	200	6,927	6,727	187
Total revenues	<u>166,480</u>	<u>166,480</u>	<u>179,344</u>	<u>12,864</u>	<u>165,593</u>
<u>Expenditures</u>					
Treasurer's fees	3,000	3,000	3,143	(143)	3,017
Capital outlay	<u>150,000</u>	<u>153,000</u>	<u>151,441</u>	<u>1,559</u>	<u>149,725</u>
Total expenditures	<u>153,000</u>	<u>156,000</u>	<u>154,584</u>	<u>1,416</u>	<u>152,742</u>
Net change in fund balance	<u>\$ 13,480</u>	<u>\$ 10,480</u>	24,760	<u>\$ 11,448</u>	12,851
Fund Balances - Beginning			453,254		440,403
Fund Balances - Ending			<u>\$ 478,014</u>		<u>\$ 453,254</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
URBAN RENEWAL AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2022

	2022		
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
<u>Revenues</u>			
Incremental sales tax	\$ 15,000	\$ 12,990	\$ (2,010)
Total revenues	<u>15,000</u>	<u>12,990</u>	<u>(2,010)</u>
<u>Expenditures</u>			
General government	<u>15,000</u>	<u>18,688</u>	<u>(3,688)</u>
Total expenditures	<u>15,000</u>	<u>18,688</u>	<u>(3,688)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,698)</u>	<u>\$ 1,678</u>
Fund Balances - Beginning		<u>-</u>	
Fund Balances - Ending		<u>\$ (5,698)</u>	

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
MUSEUM FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Revenues</u>					
Grants	\$ 8,500	\$ 8,500	\$ 5,220	\$ (3,280)	\$ 8,717
Museum Concessions	20,500	20,500	20,713	213	23,032
Donations	29,500	29,500	113,097	83,597	63,963
Rents & Royalties	10,000	10,000	26,504	16,504	17,164
Miscellaneous	-	-	679	679	258
Total revenues	<u>68,500</u>	<u>68,500</u>	<u>166,213</u>	<u>97,713</u>	<u>113,134</u>
<u>Expenditures</u>					
Museum Operations	418,050	418,050	408,039	10,011	347,419
Capital outlay	22,000	33,350	21,553	11,797	15,785
Total expenditures	<u>440,050</u>	<u>451,400</u>	<u>429,592</u>	<u>21,808</u>	<u>363,204</u>
Excess (deficiency) revenues over (under) expenditures	(371,550)	(382,900)	(263,379)	119,521	(250,070)
<u>Other Financing Sources and (Uses)</u>					
Transfers in	<u>370,000</u>	<u>300,000</u>	<u>370,000</u>	<u>70,000</u>	<u>300,000</u>
Net change in fund balance	<u>\$ (1,550)</u>	<u>\$ (82,900)</u>	106,621	<u>\$ 189,521</u>	49,930
Fund Balances - Beginning			<u>272,384</u>		<u>222,454</u>
Fund Balances - Ending			<u>\$ 379,005</u>		<u>\$ 272,384</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
WATER FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	\$ 3,428,500	\$ 3,428,500	\$ 3,317,087	\$ (111,413)	\$ 3,417,832
Meter sales	1,000	1,000	1,950	950	1,620
Tap fees	8,500	8,500	25,120	16,620	18,160
Investment earnings	5,000	5,000	76,135	71,135	2,209
Intergovernmental	1,675,000	1,675,000	523,559	(1,151,441)	78,281
Miscellaneous	40,000	40,000	77,794	37,794	70,917
Total revenues	<u>5,158,000</u>	<u>5,158,000</u>	<u>4,021,645</u>	<u>(1,136,355)</u>	<u>3,589,019</u>
Expenditures					
Salaries	836,580	836,580	831,245	5,335	791,544
Employee benefits	391,640	391,640	354,056	37,584	403,953
Repairs and maintenance	454,750	465,750	320,351	145,399	296,795
Utilities	199,000	199,000	252,053	(53,053)	273,651
Chemicals	195,000	195,000	210,094	(15,094)	219,540
Insurance and bonds	79,180	79,180	74,803	4,377	71,767
Supplies	33,450	33,450	34,847	(1,397)	22,479
Other purchased services	200,000	200,000	168,514	31,486	162,149
Capital outlay	2,911,270	3,235,890	1,485,294	1,750,596	1,284,074
Interest expense	81,700	81,700	77,598	4,102	86,586
Debt principal	529,920	529,920	486,638	43,282	476,244
Total expenditures	<u>5,912,490</u>	<u>6,248,110</u>	<u>4,295,493</u>	<u>1,952,617</u>	<u>4,088,782</u>
Other Financing Sources and (Uses)					
Loan Proceeds	-	-	-	-	358,704
Capital Contributions	-	-	-	-	154,221
Total contributed capital and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,925</u>
Change in net position - budget basis	<u>\$ (754,490)</u>	<u>\$ (1,090,110)</u>	<u>(273,848)</u>	<u>\$ 816,262</u>	<u>13,162</u>
Reconciliation to GAAP basis					
Loan proceeds			-		(358,704)
Depreciation			(690,984)		(633,272)
Debt principal			486,638		476,244
Gain on Sale of Assets			-		1,678
Capital outlay			1,485,294		1,284,074
Change in net position - GAAP basis			<u>1,007,100</u>		<u>783,182</u>
Net Position - Beginning			<u>22,040,049</u>		<u>21,256,867</u>
Net Position - Ending			<u>\$ 23,047,149</u>		<u>\$ 22,040,049</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022			Final Budget Variance Positive (Negative)	2021
	Original Budget	Final Budget	Actual		Actual
Revenues					
Charges for services	\$ 1,996,600	\$ 1,996,600	\$ 2,028,706	\$ 32,106	\$ 1,952,426
Tap fees	5,000	5,000	12,015	7,015	7,170
Intergovernmental grants	845,000	845,000	401,005	(443,995)	84,394
Investment earnings	3,000	3,000	35,961	32,961	876
Total revenues	<u>2,849,600</u>	<u>2,849,600</u>	<u>2,477,687</u>	<u>(371,913)</u>	<u>2,044,866</u>
Expenditures					
Salaries	599,040	599,040	600,943	(1,903)	549,867
Employee benefits	248,110	248,110	240,020	8,090	242,951
Repairs and maintenance	144,100	159,100	106,985	52,115	94,432
Utilities	93,500	93,500	135,567	(42,067)	154,815
Chemicals	24,000	24,000	2,497	21,503	20,610
Insurance and bonds	39,590	39,590	34,283	5,307	37,506
Supplies	33,750	33,750	36,059	(2,309)	26,301
Other purchased services	110,800	110,800	136,225	(25,425)	111,028
Loan Interest	8,390	8,390	6,990	1,400	5,123
Loan Principal	64,920	64,920	59,509	5,411	-
Capital outlay	1,870,000	2,183,620	684,256	1,499,364	981,157
Total expenditures	<u>3,236,200</u>	<u>3,564,820</u>	<u>2,043,334</u>	<u>1,521,486</u>	<u>2,223,790</u>
Other Financing Sources and (Uses)					
Loan Proceeds	-	-	-	-	438,415
Capital Contributions	-	-	11,910	11,910	231,023
Total contributed capital and transfers	<u>-</u>	<u>-</u>	<u>11,910</u>	<u>11,910</u>	<u>669,438</u>
Change in net position - budget basis	<u>\$ (386,600)</u>	<u>\$ (715,220)</u>	446,263	<u>\$ 11,910</u>	490,514
Reconciliation to GAAP basis					
Depreciation			(315,904)		(225,311)
Debt principal			59,509		-
Loan Proceeds			-		(438,415)
Capital outlay			684,256		981,157
Gain on Sale of Fixed Assets			-		1,859
Change in net position - GAAP basis			<u>874,124</u>		<u>809,804</u>
Net Position - Beginning			7,680,161		6,870,357
Net Position - Ending			<u>\$ 8,554,285</u>		<u>\$ 7,680,161</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
SOLID WASTE FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	\$ 1,712,700	\$ 1,712,700	\$ 1,869,290	\$ 156,590	\$ 1,787,501
Miscellaneous revenue	9,000	9,000	17,269	8,269	12,481
Interest income	1,000	1,000	26,625	25,625	744
Total revenues	<u>1,722,700</u>	<u>1,722,700</u>	<u>1,913,184</u>	<u>190,484</u>	<u>1,800,726</u>
Expenditures					
Salaries	567,630	567,630	608,398	(40,768)	555,130
Employee benefits	286,720	286,720	269,517	17,203	300,606
Repairs and maintenance	72,050	72,050	84,252	(12,202)	48,269
Utilities	6,100	6,100	11,812	(5,712)	8,995
Landfill fees	470,000	470,000	518,826	(48,826)	502,151
Insurance and bonds	23,980	23,980	22,961	1,019	21,218
Supplies	120,750	120,750	173,526	(52,776)	139,148
Other purchased services	46,350	46,350	36,411	9,939	28,380
Capital outlay	541,300	1,080,440	279,501	800,939	-
Total expenditures	<u>2,134,880</u>	<u>2,674,020</u>	<u>2,005,204</u>	<u>668,816</u>	<u>1,603,897</u>
Change in net position - budget basis	<u>\$ (412,180)</u>	<u>\$ (951,320)</u>	(92,020)	<u>\$ 859,300</u>	196,829
Reconciliation to GAAP basis					
Depreciation			(139,515)		(126,530)
Capital outlay			279,501		-
Change in net position - GAAP basis			47,966		70,299
Net Position - Beginning			2,658,891		2,588,592
Net Position - Ending			<u>\$ 2,706,857</u>		<u>\$ 2,658,891</u>

CITY OF CRAIG
COMPARATIVE STATEMENT OF NET POSITION
INTERNAL SERVICES – MEDICAL BENEFITS FUND
DECEMBER 31, 2022 AND DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 364,667	\$ 607,132
Total Assets	<u>364,667</u>	<u>607,132</u>
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Accounts payable	<u>500</u>	<u>1,500</u>
Total Liabilities	<u>500</u>	<u>1,500</u>
<u>Net position</u>		
Unrestricted	<u>\$ 364,167</u>	<u>\$ 605,632</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION – BUDGET TO ACTUAL
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	2022			2021
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Operating revenues</u>				
Charges for services	\$ 2,249,150	\$ 2,114,196	\$ (134,954)	\$ 2,337,054
Other	-	-	-	53,820
Total revenues	<u>2,249,150</u>	<u>2,114,196</u>	<u>(134,954)</u>	<u>2,390,874</u>
<u>Operating expenses</u>				
Insurance premiums	2,334,000	2,288,523	45,477	2,239,427
Claims incurred	65,000	57,659	7,341	64,804
Administrative fees	1,200	1,254	(54)	855
Miscellaneous expenditures	20,000	10,000	10,000	7,750
Total operating expenses	<u>2,420,200</u>	<u>2,357,436</u>	<u>62,764</u>	<u>2,312,836</u>
Operating income	<u>(171,050)</u>	<u>(243,240)</u>	<u>(72,190)</u>	<u>78,038</u>
<u>Non-operating revenues</u>				
Investment earnings	-	1,775	1,775	177
Total non-operating revenues	<u>-</u>	<u>1,775</u>	<u>1,775</u>	<u>177</u>
Change in net position	<u>\$ (171,050)</u>	<u>(241,465)</u>	<u>\$ (70,415)</u>	<u>78,215</u>
Net Position - Beginning		605,632		527,417
Net Position - Ending		<u>\$ 364,167</u>		<u>\$ 605,632</u>

CITY OF CRAIG
STATEMENT OF CASH FLOWS
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2022, WITH 2021 COMPARATIVE TOTALS

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from users	\$ 2,114,196	\$ 2,337,054
Cash paid on claims	(57,659)	(64,804)
Cash paid for premiums and administration	(2,290,777)	(2,239,282)
Other payments	<u>(10,000)</u>	<u>46,070</u>
Net Cash Provided (Used) by Operating Activities	<u>(244,240)</u>	<u>79,038</u>
 Cash Flows from Investing Activities		
Interest received	<u>1,775</u>	<u>177</u>
Net Cash Provided by Investing Activities	<u>1,775</u>	<u>177</u>
 Net change in cash and cash equivalents	(242,465)	79,215
 Cash and Cash Equivalents - Beginning	<u>607,132</u>	<u>527,917</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 364,667</u></u>	<u><u>\$ 607,132</u></u>
 Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating income	\$ (243,240)	\$ 78,038
Change in accounts payable	<u>(1,000)</u>	<u>1,000</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (244,240)</u></u>	<u><u>\$ 79,038</u></u>

OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE

CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2022

LOCAL HIGHWAY FINANCE REPORT		City or County:	
		YEAR ENDING : December 2022	
This Information From The Records of CITY OF CRAIG		Prepared By: Katy Burns Phone: 970-826-2003	

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)	1,038,531
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,028,862
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	15,082
2. General fund appropriations	2,406,490	b. Snow and ice removal	9,343
3. Other local imposts (from page 2)	299,915	c. Other	
4. Miscellaneous local receipts (from page 2)	6,928	d. Total (a. through c.)	24,425
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,091,818
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)	2,713,333	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	378,485	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,091,818	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,091,818

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
		3,091,818	3,091,818		0

Notes and Comments:

CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2022

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2022	

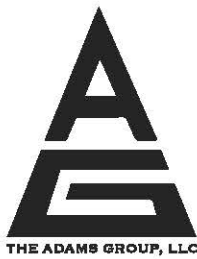
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	157,415	a. Interest on investments	6,927
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	142,500	g. Other Misc. Receipts	
6. Total (1. through 5.)	142,500	h. Other	
c. Total (a. + b.)	299,915	i. Total (a. through h.)	6,927
(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	323,913	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	54,572	d. Federal Transit Admin	
d. Other (Specify) - CDOT-Sidewalk	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal (CDOT-Sidewalk)	0
f. Total (a. through e.)	54,572	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	378,485	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	0
c. Construction:			
(1). New Facilities		52,786	52,786
(2). Capacity Improvements		28,723	28,723
(3). System Preservation		833,495	833,495
(4). System Enhancement & Operation		123,527	123,527
(5). Total Construction (1) + (2) + (3) + (4)	0	1,038,531	1,038,531
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,038,531	1,038,531
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

To the City Council
Craig, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig (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, and have issued our report thereon dated July 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the city's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

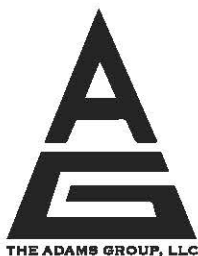
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the city's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Adams Group, LLC

Denver, Colorado
July 5, 2023



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

City Council
Craig, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Craig's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses

or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Adams Group, LLC

Denver, Colorado
July 5, 2023

CITY OF CRAIG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Awarding Agencies	Federal CFDA Number	Passthrough Grantor's Number	Amounts Passed to Subrecipients	Federal Awards Expended
U.S. Department of Interior				
Passed through the Colorado Department of Local Affairs				
Mineral Leasing Act				
Collection System Improvements	15.437	EIAF # 9285	\$ -	\$ 48,716
Sludgeline Phase 3	15.437	EIAF #9449	-	107,289
Yampa River Corridor Project	15.437	EIAF #9408	-	75,486
Water Main Replacement	15.437	EIAF #9331	-	321,719
Total U.S. Department of Interior			-	553,210
U.S. Department of Treasury				
Passed through the Colorado Department of Local Affairs				
Coronavirus State and Local Fiscal Recovery Funds	21.027		262,791	1,380,243
Total U.S. Department of Treasury			262,791	1,380,243
U.S. Environmental Protection Agency				
Brownfields Multipurpose, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818		-	167,448
Passed through the Colorado Water Resources and Power Development Authority				
Capitalization Grants For Drinking Water State Revolving Funds	66.468	#D19F422	-	269,603
Total U.S. Environmental Protection Agency			-	437,051
Total Federal Financial Assistance			\$ 262,791	\$ 2,370,504

CITY OF CRAIG
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Craig, Colorado (the City). All federal financial assistance received by the City directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, including the State of Colorado, is included on the schedule.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards included the federal award activity of the City under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net assets of the City. Governmental Funds are used to account for the City's federal grant activity. Amounts reported in the Schedule of Expenditures of Federal Awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited so to reimbursement. See Note 1 of the financial statements for a summary of significant accounting policies. The City has not elected to use the de minimis indirect cost rate of 10% as allowed under the Uniform Guidance.

CITY OF CRAIG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *unmodified opinion*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Type of auditor's report issued on compliance for major programs:

unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CITY OF CRAIG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III Findings – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516a.

Section IV Findings – Prior Year Findings

There are no prior year findings or questioned costs that are required to be reported.