

City of Creede
Financial Statements and
Independent Auditor's Report
as of
December 31, 2011

City of Creede

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CITY OF CREEDE
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

As management of the City of Creede (the "City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$ 8,282,090 (i.e. net assets) as of December 31, 2011, an increase of \$ 182,334 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 5,211,046, an increase of \$ 143,514 in comparison with the prior year.
- The City's fund balance for the General Fund was \$ 549,694, an increase of \$138,242 in comparison to the prior year.
- Total long-term liabilities increased by \$ 890,455 during the 2011 fiscal year with a new loan of \$ 926,144.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 assets** presents information on all the City's assets and liabilities, with the difference between the two being reported as net assets. Over time, the increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

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 Governmental Activities of the City include general government administration, public safety, public works, and culture and recreation. The Business-type Activities of the City include the following utilities: water and sewer.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The City's funds 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 *short-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 short-term financing requirements. The accounting method is called *modified accrual* accounting.

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 activities in the *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 short-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 three major governmental funds, which are the General, Capital Improvements and Virginia G. Christensen Trust Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for those funds.

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses a separate enterprise fund to account for each of its utility funds: Water and Sewer Fund.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted previously, net assets may serve over time as a useful indicator of the City's financial position. For the year ended December 31, 2011, the City's combined assets exceeded liabilities by \$ 8,282,090. Of this amount, \$ 1,641,397 is unrestricted and available to meet the City's ongoing financial obligations.

By far the largest portion of net assets is the investment in capital assets (net of related debt) of \$ 2,606,662 (31% of net assets) and the restriction for parks and recreation from the Virginia G. Christensen Trust of \$ 4,021,881 or (49% of net assets). The amount of \$ 2,606,662 reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's governmental and business-type net assets for 2011 and 2010:

Assets	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Current and other assets	\$ 5,276,288	\$ 5,130,677	\$ 501,457	\$ 435,398
Capital assets	801,142	826,931	3,043,440	2,129,508
Total assets	<u>6,077,430</u>	<u>5,957,608</u>	<u>3,544,897</u>	<u>2,564,906</u>
Current liabilities	66,609	64,720	35,708	10,573
Non-current liabilities				
Loans payable			1,237,920	347,465
Total liabilities	<u>66,609</u>	<u>64,720</u>	<u>1,273,628</u>	<u>358,038</u>
Net assets				
Investment in capital assets net of related debt	801,142	826,931	1,805,520	1,782,043
Restricted	4,034,031	4,101,699		
Unrestricted	<u>1,175,648</u>	<u>964,258</u>	<u>465,749</u>	<u>424,825</u>
Total net assets	<u>\$ 6,010,821</u>	<u>\$ 5,892,888</u>	<u>\$ 2,271,269</u>	<u>\$ 2,206,868</u>

An additional portion of net assets, \$ 4,034,031 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 1,641,397 (20% of net assets), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Assets

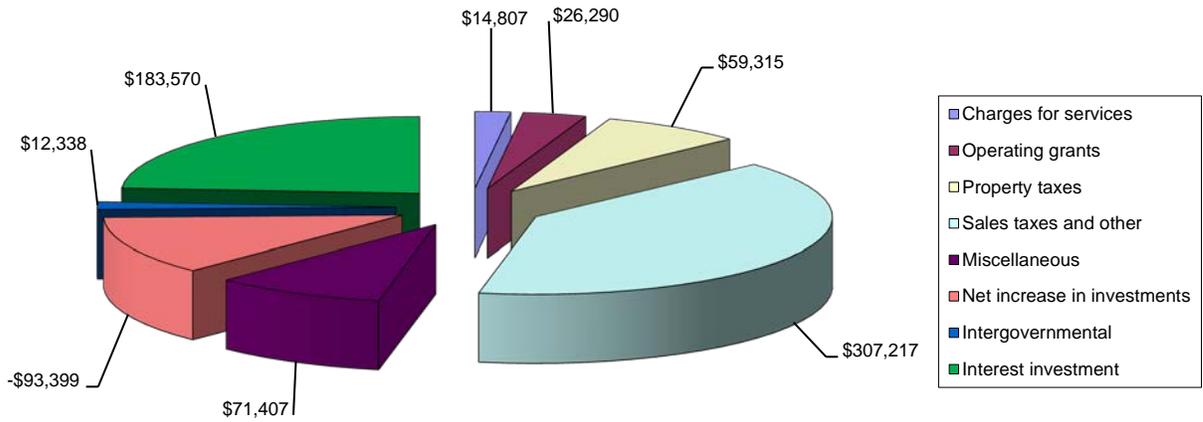
Governmental and business-type activities increased the City's net assets by \$182,334 in 2011.

Revenues	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Program revenues				
Charges for services	\$ 14,807	\$ 10,684	\$ 242,045	\$ 243,040
Operating grants	26,290	26,481		
Capital grants	-	1,128	77,000	410,012
General revenues				
Property taxes	59,315	55,527		
Sales taxes	284,282	258,565		
Other taxes	22,935	20,759		
Intergovernmental	12,338	5,318		
Interest on investment	183,570	141,575	3,009	287
Miscellaneous	71,407	26,448		
Transfers	-	(70,000)	-	70,000
Net increase in investment	(93,399)	251,907		
Totals	<u>581,545</u>	<u>728,392</u>	<u>322,054</u>	<u>723,339</u>
Expenses				
General government	131,914	127,592		
Public safety	2,941	-		
Public works	135,644	148,051	257,653	259,386
Parks and recreation	193,113	179,721		
Total expenses	<u>463,612</u>	<u>455,364</u>	<u>257,653</u>	<u>259,386</u>
Increase in net assets	117,933	273,028	64,401	463,953
Beginning	<u>5,892,888</u>	<u>5,619,860</u>	<u>2,206,868</u>	<u>1,742,915</u>
Ending	<u>\$ 6,010,821</u>	<u>\$ 5,892,888</u>	<u>\$ 2,271,269</u>	<u>\$ 2,206,868</u>

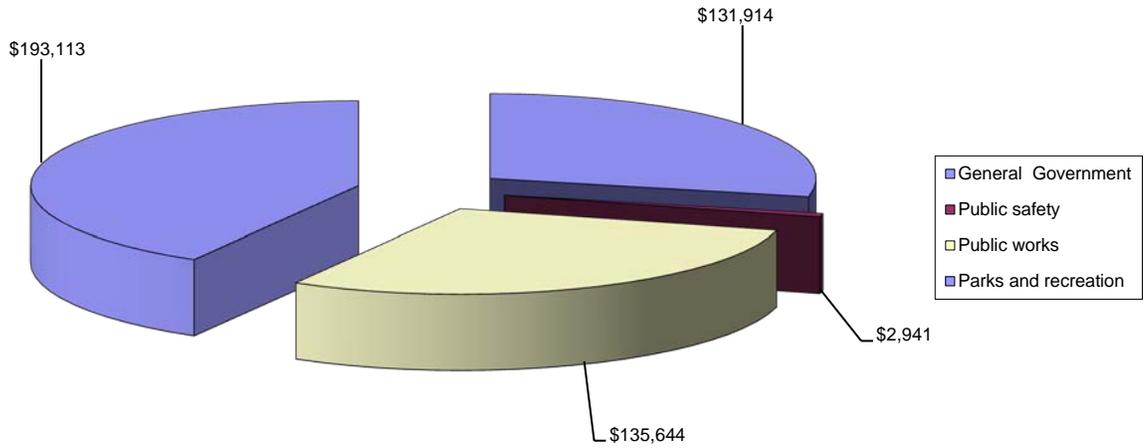
Governmental Activities

Governmental activities increased the City's net assets by \$ 117,933.

Governmental Activities revenues for 2011



Governmental Activities expenses for 2011



Business-type Activities

Business-type activities for the year resulted in an increase in net assets of \$ 64,401. Charges for services accounted for 75% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

As of the end of 2011, the City's governmental funds reported combined ending fund balances of \$ 5,211,046, an increase of \$ 143,514 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 10% of this total amount, \$537,544, constitutes unassigned fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve of \$12,150 and reserved for parks and recreation of \$ 4,021,881.

The City has a General Fund, which is the primary operating fund for the Town. At the end of 2011, unassigned fund balance of the General Fund was \$ 537,544. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's General Fund increased by \$ 138,242 during 2011.

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

The City has one enterprise fund: Water and Sewer. At the end of 2011, the fund represented the following net asset amounts:

Fund:	Water and Sewer
Unrestricted net assets	\$465,749
Total net assets	\$2,271,269
Increase in net assets	\$64,401

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted \$ 322,874 for 2011 expenditures. Actual expenditures were \$264,640. There was a supplement to the original budget for General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2011, was \$ 3,844,582, an increase of \$ 888,143 from the prior year. As required for this year by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	<u>109,898</u>	<u>-</u>	<u>-</u>	<u>109,898</u>
Capital assets being depreciated				
Building and improvements	685,230	-	-	685,230
Equipment	58,100	-	-	58,100
Vehicles	51,624	-	-	51,624
Infrastructure	173,176	-	-	173,176
Total capital assets being depreciated	<u>968,130</u>	<u>-</u>	<u>-</u>	<u>968,130</u>
Less accumulated depreciation for:				
Building and improvements	140,687	20,031	-	160,718
Equipment	58,100	1,429	-	59,529
Vehicles	43,291	-	-	43,291
Infrastructure	9,019	4,329	-	13,348
Total accumulated depreciation	<u>251,097</u>	<u>25,789</u>	<u>-</u>	<u>276,886</u>
Total capital assets being depreciated, net	<u>717,033</u>	<u>(25,789)</u>	<u>-</u>	<u>691,244</u>
Governmental activities				
Capital assets, net	<u>\$ 826,931</u>	<u>\$ (25,789)</u>	<u>\$ -</u>	<u>\$ 801,142</u>

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Business-type activities				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Construction in progress	1,003,721	975,312	-	1,979,033
Total capital assets not being depreciated	<u>1,036,178</u>	<u>975,312</u>	<u>-</u>	<u>2,011,490</u>
Capital assets being depreciated				
Utility plant	2,408,724	-	-	2,408,724
Equipment	123,015	-	-	123,015
Total capital assets being depreciated	<u>2,531,739</u>	<u>-</u>	<u>-</u>	<u>2,531,739</u>
Less accumulated depreciation	1,438,409	61,380	-	1,499,789
Total accumulated depreciation	<u>1,438,409</u>	<u>61,380</u>	<u>-</u>	<u>1,499,789</u>
Business-type activities				
Capital assets, net	<u>\$ 2,129,508</u>	<u>\$ 913,932</u>	<u>\$ -</u>	<u>\$ 3,043,440</u>

Long-term Debt

As of December 31, 2011, the City had long-term debt as follows:

	<u>Beginning Balance 12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 12/31/2011</u>	<u>Due Within One Year</u>
Business-type activities:					
Joint water and sewer					
Loan payable	\$ 288,575	\$ 926,144	\$ 33,200	\$ 1,181,519	\$ 33,783
Note payable	58,890	-	2,489	56,401	2,614
Business-type activities long-term debt	<u>\$ 347,465</u>	<u>\$ 926,144</u>	<u>\$ 35,689</u>	<u>\$ 1,237,920</u>	<u>\$ 36,397</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Factors Baring on the City's Future

At the time these financial statements were prepared and audited, the City was aware of the following existing circumstances that could significantly affect its financial health in the future.

1. The need to update the City's main water distribution lines. The City is also increasing the capacity of their water distribution lines for better fire protection.
2. The need to repave the City's streets. The City's paved streets have been patched throughout their thirty year life. Because the water lines run below them, repaving has been put off until the water lines are replaced.
3. The need to repair the fifty-five year old flume running through town to mitigate flood waters of Willow Creek.
4. The possible need to update our wastewater plant, based on potential new regulations from the State.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers and customers with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office, City Hall, 2223 Main Street, Creede, CO 81130.

Basic Financial Statements

Independent Auditor's Report

July 19, 2012

To the Mayor and City Council
City of Creede, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Creede, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Creede, Colorado, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages i through viii and page 26 through 30 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparisons information for the major funds on page 26-30 are not a required part of the basic financial statements but is required supplementary information required by the Governmental Accounting Standards Board. The combining and individual non-major fund financial statements and schedules, the proprietary fund budget to actual and the local highway finance report on pages 31-35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplementary information, other than management's discussion and analysis, and the combining and individual non-major fund financial statements and schedules, the proprietary fund budget to actual and the local highway finance report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blair and Associates, P.C.

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City of Creede, Colorado
Statement of Net Assets
December 31, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,168,393	\$ 216,008	\$ 1,384,401
Restricted Cash and Investments	4,014,771	116,449	4,131,220
Property Taxes Receivable	58,000	-	58,000
Accounts Receivable	13,243	26,781	40,024
Due from Other Governments	21,881	142,166	164,047
Other Assets	-	53	53
Total Current Assets	5,276,288	501,457	5,777,745
Capital Assets			
Land	109,898	32,457	142,355
Construction in Progress	-	1,979,033	1,979,033
Utility Plant	-	2,408,724	2,408,724
Buildings and Improvements	685,230	-	685,230
Machinery and Equipment	58,100	123,015	181,115
Vehicles	51,624	-	51,624
Infrastructure	173,176	-	173,176
Less Accumulated Depreciation/Depletion	(276,886)	(1,499,789)	(1,776,675)
Total Capital Assets	801,142	3,043,440	3,844,582
TOTAL ASSETS	6,077,430	3,544,897	9,622,327
LIABILITIES			
Current Liabilities			
Accounts Payable	1,133	34,425	35,558
Payroll Taxes Payable	6,109	-	6,109
Deferred Tax Revenue	58,000	-	58,000
Compensated Absences	1,367	-	1,367
Deferred Revenue	-	1,283	1,283
Note and Loan Payable	-	36,397	36,397
Total Current Liabilities	66,609	72,105	138,714
Long-term Liabilities			
Note and Loan Payable	-	1,201,523	1,201,523
Total Long-term Liabilities	-	1,201,523	1,201,523
TOTAL LIABILITIES	66,609	1,273,628	1,340,237
NET ASSETS			
Invested in Capital Assets, Net of related Debt	801,142	1,805,520	2,606,662
Restricted for:			
Parks and Recreation Facilities	4,021,881	-	4,021,881
TABOR	12,150	-	12,150
Unrestricted	1,175,648	465,749	1,641,397
TOTAL NET ASSETS	\$ 6,010,821	\$ 2,271,269	\$ 8,282,090

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	EXPENSES	Program Revenues		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General Government	\$ 131,914	\$ 13,536	\$ -	\$ -
Public Safety	2,941	-	-	-
Public Works	135,644	-	22,859	-
Culture and Recreation	193,113	1,271	3,431	-
Total Governmental Activities	463,612	14,807	26,290	-
Business-Type Activities				
Water and Sewer	257,653	242,045	-	77,000
Total Business-Type Activities	257,653	242,045	-	77,000
Total Primary Government	\$ 721,265	\$ 256,852	\$ 26,290	\$ 77,000

General Revenues:

Taxes:

General Property Taxes-Net

Sales Taxes

Other Taxes

Intergovernmental

Interest on Investments

Miscellaneous

Net Increase in Investment

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

See Notes to the Basic Financial Statements

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government

Governmental Activities	Business-Type Activities	TOTAL
\$ (118,378)	\$ -	\$ (118,378)
(2,941)	-	(2,941)
(112,785)	-	(112,785)
(188,411)	-	(188,411)
<u>(422,515)</u>	<u>-</u>	<u>(422,515)</u>
-	61,392	61,392
-	<u>61,392</u>	<u>61,392</u>
<u>(422,515)</u>	<u>61,392</u>	<u>(361,123)</u>
59,315	-	59,315
284,282	-	284,282
22,935	-	22,935
12,338	-	12,338
183,570	3,009	186,579
71,407	-	71,407
(93,399)	-	(93,399)
<u>540,448</u>	<u>3,009</u>	<u>543,457</u>
117,933	64,401	182,334
<u>5,892,888</u>	<u>2,206,868</u>	<u>8,099,756</u>
<u>\$ 6,010,821</u>	<u>\$ 2,271,269</u>	<u>\$ 8,282,090</u>

**CITY OF CREEDE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011**

ASSETS	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST
Cash and Investments	\$ 530,182	\$ 631,101	\$ -
Restricted Cash and Investments	-	-	4,014,771
Accounts Receivable	4,873	8,370	-
Property Taxes Receivable	58,000	-	-
Due from Other Governments	21,881	-	-
TOTAL ASSETS	\$ 614,936	\$ 639,471	\$ 4,014,771
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 1,133	\$ -	\$ -
Payroll Taxes Payable	6,109	-	-
Deferred Revenue-Property Taxes	58,000	-	-
TOTAL LIABILITIES	65,242	-	-
 FUND BALANCE			
Restricted			
Parks and Recreation	-	-	4,014,771
Tabor Reserve	12,150	-	-
Committed			
Capital Improvements	-	639,471	-
Unassigned	537,544	-	-
TOTAL FUND BALANCE	549,694	639,471	4,014,771
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 614,936	 \$ 639,471	 \$ 4,014,771

See Notes to the Basic Financial Statements

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 7,110	\$ 1,168,393
-	4,014,771
-	13,243
-	58,000
-	21,881
<u>\$ 7,110</u>	<u>\$ 5,276,288</u>

\$ -	\$ 1,133
-	6,109
-	58,000
<u>-</u>	<u>65,242</u>

7,110	4,021,881
-	12,150
-	639,471
-	537,544
<u>7,110</u>	<u>5,211,046</u>
<u>\$ 7,110</u>	<u>\$ 5,276,288</u>

CITY OF CREEDE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total governmental fund balances	\$ 5,211,046
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>801,142</u>
Compensated Absences	<u>(1,367)</u>
Net assets of governmental activities	<u><u>\$ 6,010,821</u></u>

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
For the Year ended December 31, 2011

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST
REVENUES			
Taxes	\$ 279,633	\$ 85,682	\$ -
Licenses and Permits	13,536	-	-
Intergovernmental Revenue	36,414	-	-
Interest Income	621	1,391	181,554
Net decrease In Investment	-	-	(93,399)
Other Revenue	72,678	-	-
TOTAL REVENUES	<u>402,882</u>	<u>87,073</u>	<u>88,155</u>
EXPENDITURES			
General Government	128,997	-	-
Public Works	84,792	-	-
Culture and Recreation	47,910	-	125,238
Capital Outlay	-	44,653	-
TOTAL EXPENDITURES	<u>264,640</u>	<u>44,653</u>	<u>125,238</u>
Excess (deficiency) of revenues over expenditures	<u>138,242</u>	<u>42,420</u>	<u>(37,083)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	38,000	-
Transfers to Other Funds	-	-	(38,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>38,000</u>	<u>(38,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>138,242</u>	<u>80,420</u>	<u>(75,083)</u>
Fund Balances at Beginning of Year	<u>411,452</u>	<u>559,051</u>	<u>4,089,854</u>
Fund Balances at End of Year	<u>\$ 549,694</u>	<u>\$ 639,471</u>	<u>\$ 4,014,771</u>

See Notes to the Basic Financial Statements

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 365,315
-	13,536
3,431	39,845
4	183,570
-	(93,399)
-	72,678
<u>3,435</u>	<u>581,545</u>
-	128,997
-	84,792
3,500	176,648
-	44,653
<u>3,500</u>	<u>438,031</u>
<u>(65)</u>	<u>143,514</u>
-	38,000
-	(38,000)
-	-
(65)	143,514
7,175	5,067,532
<u>\$ 7,110</u>	<u>\$ 5,211,046</u>

CITY OF CREEDE, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2011

Net change in fund balances - total governmental funds \$ 143,514

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay		-
Depreciation expense		(25,789)
Total		<u>(25,789)</u>

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

		<u>208</u>
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Change in net assets of governmental funds \$ 117,933

CITY OF CREEDE, COLORADO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash	\$ 216,008
Restricted Cash and Investments	116,449
Accounts Receivable	26,781
Grant Receivable	142,166
Prepaid Bond Costs	53
Total Current Assets	501,457
Capital Assets	
Land	32,457
Construction in Progress	1,979,033
Utility Plant	2,408,724
Machinery and Equipment	123,015
Accumulated Depreciation	(1,499,789)
Total Capital Assets	3,043,440
TOTAL ASSETS	\$ 3,544,897
LIABILITIES	
Current Liabilities	
Accounts Payable	34,425
Deferred Revenue	1,283
Note and Loan Payable	36,397
Total Current Liabilities	72,105
Long-Term Liabilities	
Note and Loan Payable	1,201,523
Total Long-Term Liabilities	1,201,523
TOTAL LIABILITIES	1,273,628
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,805,520
Unrestricted	465,749
TOTAL NET ASSETS	2,271,269
TOTAL LIABILITIES AND NET ASSETS	\$ 3,544,897

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	WATER AND SEWER FUND
OPERATING REVENUES	
Charges for services	\$ 242,045
Total Operating Revenues	242,045
OPERATING EXPENSES	
Personnel Services	88,764
Materials and Supplies	7,376
Testing Fees	3,418
Professional Services	19,900
Repairs	2,754
Utilities	42,019
Insurance	3,669
Depreciation Expense	61,380
Amortization Expense	122
Other Expense	4,194
Total Operating Expenses	233,596
Operating income (loss)	8,449
NONOPERATING REVENUES (EXPENSES)	
Interest Income	3,009
Grants	75,000
Interest Expense	(24,057)
Total nonoperating revenues (expenses)	53,952
Income Before Other Revenue	62,401
Capital Contributions (Water and Sewer Taps)	2,000
Changes in Net Assets	64,401
Net Assets at beginning of year	2,206,868
Net assets at end of year	\$ 2,271,269

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2011

	WATER AND SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 105,833
Cash Payments to Suppliers for Goods and Services	(58,195)
Cash Payments to Employees	(69,935)
Cash Payments for Employee Benefits and Taxes	(18,829)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(41,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In (Out)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(975,313)
Grant and Loan Proceeds	1,001,144
Capital Contributions	2,000
Interest Paid on Notes and Bonds	(24,057)
Principal Paid on Notes and Bonds	(35,689)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(31,915)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,009
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,009
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,032)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	402,489
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 332,457
Operating Income	\$ 8,449
Adjustments to Reconcile Operating Income to Net Cash Proved by Operating Activities:	
Depreciation	61,380
Amortization	122
Decrease (Increase) in:	
Accounts and Grant Receivables	(136,212)
Increase (Decrease) in:	
Accounts Payable	25,135
Deferred Revenue	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (41,126)

See Notes to the Basic Financial Statements

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation, Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and Trash Fund are charges to customers for sales and services. The Water and Sewer Fund also recognize as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies – continued

Basis of Presentation, Basis of Accounting - continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund - This is the City's general operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Improvement Fund – This fund is used for the aggregation of monies for future capital purchases. Sources of revenue are derived from transfers from other funds and construction use taxes designated for capital improvements.

Virginia G. Christensen Trust Fund – This fund is used to account for revenue earned from the trust and the expenditures are to be used for parks and recreation facilities.

The City reports the following major enterprise funds:

Water and Sewer Fund - This fund accounts for user charges and expenses for operating, financing and maintaining the City's water, sewer and sanitation systems.

Measurement Focus, Basis of Accounting

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies- continued

Measurement Focus, Basis of Accounting- continued

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

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales, taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liabilities are incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Assets, Liabilities and Equity

Deposits and investments - The cash balances of substantially all funds are pooled for the purpose of increasing earning through investment activities. The pool's investments are reported at fair value at December 31, 2011, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or certificates of deposit. Earning on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

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

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies- continued

Assets, Liabilities and Equity - continued

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

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

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

Enterprise Fund construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of any unexpended bond proceeds.

Depreciation is calculated using the straight-line method over the estimated useful lives of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

Buildings	15-40 years
Equipment	5-7 years
Vehicles	5 years
Infrastructure	20-25 years

GASB No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Long term debt - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts, issuance costs, and deferred amounts on refunding associated with issuing bonds of proprietary-type funds or bonds issued or refunded after December 31, 2003 for governmental activities are deferred and amortized over the life of the bond issues.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance's are reported as other financing sources while discounts on debt issuance's are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies – continued

Assets, Liabilities and Equity - continued

Compensated Absences – City employees receive vacation per year depending on employee classification. Salary employees can accumulate up to 10 days per year for the first 5 years of service, 15 days per year for 5-10 years of service and 20 days per year for 10 years of service or more. Full time hourly employees can accumulate up to 5 days after the first year of service and up to 10 days per year for 2 years of services or more. Part time hourly employees can accumulate up to 2 ½ days after the first year of service and up to 5 days per year for 2 years of service or more. Accumulated vacation is not currently limited by the City. A liability for these amounts is reported in the governmental funds only if amounts are actually due to employees as a result of termination and or retirement. The amount not current is reported in the Government Wide and Proprietary Fund statements consist of unpaid accumulated annual leave balances.

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

Deferred Revenue – Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as deferred revenues.

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

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

Budgets and Budgetary accounting

The City follows these procedures in establishing budgets:

- a. Budgets are required by state law for all governmental and proprietary funds.
- b. During October the proposed budget is submitted to the City Board for the fiscal year commencing the following January 1.
- c. Prior to December 15, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note A – Summary of Significant Accounting Policies – continued

Budgets and Budgetary accounting - continued

- d. Formal budgetary integration is employed as a management control device for all funds of the City. The governmental funds and expendable trust funds budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The proprietary funds budgets are adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.
- e. Appropriations lapse at the end of each year, and the City Board may adopt supplemental appropriations during the year. The City Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's administrator or the revenue estimates must be changed by the City Board when adopting supplemental appropriations. The City did a supplemental appropriation in 2011.
- f. The City could be in violation of Colorado Budget Law because actual expenditures exceed budgetary amounts in the Virginia G. Christensen Fund and Water and Sewer Fund.

Note B – Cash, Deposits and Investments

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

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2011 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end \$ 1,248,954 of the City's bank balance of \$ 1,498,954 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note B – Cash, Deposits and Investments– continued

Investments

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

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

Credit Risk – As of December 31, 2011, the local government investment pools, (ColoTrust) in which the City had invested, were rated AAAM by Standard & Poor's.

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

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

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

	<u>Fair Market Value</u> <u>December 31, 2011</u>
Artisan Intl Value Fund	\$ 143,820
BARC BREN EAFE	\$ 34,820
JP Morgan International Value Fund	\$ 73,204
CS BREN EAFE	\$ 34,600
HSBC BREN EAFE	\$ 34,080
Matthews Pacific Tiger Fund	<u>\$ 116,128</u>
Total	<u>\$ 436,652</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note B – Cash, Deposits and Investments– continued

These funds are highly diversified, which minimize the impact any currency could have on the overall investments. Ratings from Moody’s or Standard and Poor’s are not available for these products. The Virginia Christensen Trust Fund is also exposed to possible interest rate risk form 6 fixed income investments. These funds hold several types of fixed income no concentrations of any one user.

Investment Type		<u>Fair Value</u>	<u>Up to 120 days</u>	<u>Credit Risk</u>
Bond Funds	100%	\$3,637,686	\$ 3,637,686	N/R
Cash on hand and in banks		1,505,818		
Money market funds	\$ 169,084			N/R
ColoTrust	<u>203,033</u>			
Cash and investments in custody of others		<u>372,117</u>		
Total deposits and investments		<u>\$ 5,515,621</u>		

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

Government-wide Statement of Net Assets

Cash and cash equivalents	\$ 1,384,401
Restricted cash and investments	<u>4,131,220</u>
Total	<u>\$ 5,515,621</u>

Interest Rate Risk

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

The Colorado Government Liquid Asset Trust (ColoTrust), is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$ 1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note C – Interfund Transfers

Interfund transfers for the year ended December 31, 2011 were as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
Capital Improvement Fund	\$ -	\$ 38,000
Water and Sewer Fund	-	-
Virginia Christensen Fund	38,000	-
Total	<u>\$ 38,000</u>	<u>\$ 38,000</u>

This transfer from the Virginia Christensen Fund to the Capital Improvements Fund was for the City's use for recreational purposes.

Note D – Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	<u>109,898</u>	<u>-</u>	<u>-</u>	<u>109,898</u>
Capital assets being depreciated				
Building and improvements	685,230	-	-	685,230
Equipment	58,100	-	-	58,100
Vehicles	51,624	-	-	51,624
Infrastructure	173,176	-	-	173,176
Total capital assets being depreciated	<u>968,130</u>	<u>-</u>	<u>-</u>	<u>968,130</u>
Less accumulated depreciation for:				
Building and improvements	140,687	20,031	-	160,718
Equipment	58,100	1,429	-	59,529
Vehicles	43,291	-	-	43,291
Infrastructure	9,019	4,329	-	13,348
Total accumulated depreciaton	<u>251,097</u>	<u>25,789</u>	<u>-</u>	<u>276,886</u>
Total capital assets being depreciated, net	<u>717,033</u>	<u>(25,789)</u>	<u>-</u>	<u>691,244</u>
Governmental activities				
Capital assets, net	<u>\$ 826,931</u>	<u>\$ (25,789)</u>	<u>\$ -</u>	<u>\$ 801,142</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note D – Capital Assets-continued

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Business-type activities				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Construction in progress	1,003,721	975,312	-	1,979,033
Total capital assets not being depreciated	<u>1,036,178</u>	<u>975,312</u>	<u>-</u>	<u>2,011,490</u>
Capital assets being depreciated				
Utility plant	2,408,724	-	-	2,408,724
Equipment	123,015	-	-	123,015
Total Capital assets being depreciated	<u>2,531,739</u>	<u>-</u>	<u>-</u>	<u>2,531,739</u>
Less accumulated depreciation for:	1,438,409	61,380	-	1,499,789
Total accumulated depreciation	<u>1,438,409</u>	<u>61,380</u>	<u>-</u>	<u>1,499,789</u>
Business-type activities				
Capital assets, net	<u>\$ 2,129,508</u>	<u>\$ 913,932</u>	<u>\$ -</u>	<u>\$ 3,043,440</u>

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

Governmental activities:	
General government	\$ 3,125
Public works	6,199
Culture and recreation	<u>16,465</u>
Total depreciation expense – governmental activities	<u>\$ 25,789</u>

Business-type activities:	
Water services	\$ 38,332
Sewer services	<u>23,048</u>
Total depreciation expense – business-type activities	<u>\$ 61,380</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note E – Long-term Debt

Changes in long-term debt

	Beginning Balance 12/31/2010	Additions	Deletions	Ending Balance 12/31/2011	Due Within One Year
Business-type activities:					
Joint water and sewer Loan payable	\$ 288,575	\$ 926,144	\$ 33,200	\$ 1,181,519	\$ 33,783
Note payable	58,890		2,489	56,401	2,614
Business-type activities long-term debt	<u>\$ 347,465</u>	<u>\$ 926,144</u>	<u>\$ 35,689</u>	<u>\$ 1,237,920</u>	<u>\$ 36,397</u>

Business-type activities:

Loan Payable

Colorado Water Resources and Power Development Authority:

\$1,250,000, April 15, 2009, to finance a portion of the new waterlines, due in bi-annual payments of \$27,156 on May 1 and November 1 for 30 years beginning November 1, 2009 and ending May 1, 2039, including interest of 1.75%, to be repaid with revenues derived from the operation of the City water and sewer system. The following is a detail breakdown of the loan payments as of December 31, 2011 owed on the outstanding loan.

	Principal	Interest
2012	\$ 33,783	\$ 20,529
2013	34,376	19,936
2014	34,981	19,331
2015	35,595	18,717
2016	36,221	18,091
2017-2021	190,882	80,678
2022-2026	208,257	63,303
2027-2031	227,214	44,346
2032-2036	247,897	23,663
2037-2041	132,314	3,494
	<u>\$ 1,181,520</u>	<u>\$ 312,088</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note E – Long-term Debt-continued

Note Payable – Note payable to the State of Colorado Department of Local Affairs as a part of the Energy and Mineral Impact Grant for the Creede Water Line Replacement Project, payable in annual payments of \$ 5,434, including interest at 5%. The final payment is due in 2026.

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,614	\$ 2,820	\$ 5,434
2013	2,745	2,689	5,434
2014	2,882	2,552	5,434
2015	3,026	2,408	5,434
2016	3,177	2,257	5,434
2017-2021	18,434	8,736	27,170
2022-2026	<u>23,523</u>	<u>3,643</u>	<u>27,166</u>
Total	<u>\$ 56,401</u>	<u>\$ 25,105</u>	<u>\$ 81,506</u>

Note F – Pension Plans

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

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

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

The City's current year covered payroll was \$131,167. The total City payroll for this period was \$180,254. Four employees were enrolled in the plan at year end.

Contributions:

Employer contributions to plan	\$ 3,995
Employee contributions to plan	<u>3,995</u>
Total contributions	<u>\$ 7,990</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note G – Restricted Assets

In accordance with the contract with the Deep Creek Water and Sanitation District cash in the amount of \$ 35,634 has been restricted for a sewer treatment facility expansion.

Cash in the amount of \$ 208,001 and investments in the amount of \$ 3,806,770 are restricted by the Virginia G. Christensen Trust agreement. According to the agreement the funds are to be used for parks and recreation projects and facilities.

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

Note H – Deep Creek Water and Sanitation District

In 1990, the City signed a contract with the Deep Creek Water and Sanitation District which allows the District to connect to the City's sewage treatment and disposal system. The District pays a monthly user fee for the services, and is required to pay a one-time connection fee of \$400 per user. The contract states that the Deep Creek user connection fees will be placed into a separate fund to be used only for sewer treatment facility expansion. User connection fees of \$ 35,634 are recorded as restricted cash at December 31, 2011.

Note I – Risk Management

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

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

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note I –Risk Management - continued

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

Note J – Segment Information

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

	Water	Sewer	Total
Operating revenue	\$ 169,936	\$ 72,109	\$ 242,045
Depreciation and Amortization Expense	\$ 38,332	\$ 23,048	\$ 61,380
Operating income (loss)	\$ 45,496	\$(37,047)	\$ 8,449
Net income (loss)	\$ 101,448	\$(37,047)	\$ 64,401

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

Note K – Tabor Emergency Reserve

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

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

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

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2011

Note L – Commitments and Contingencies

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

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

Construction in Progress- the City in 2009 started a construction project to replace its water mains and sewer lines. The total estimated costs of the project are \$ 2,000,000 of which the City received a grant of \$750,000 and \$1,250,000 is financed by the Colorado Water Resources and Power Development Authority. As of December 31, 2011 total construction in progress was \$1,979,033.

Note M – Fund Balances

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year Ended December 31, 2011

REVENUES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Taxes				
General Property Taxes (Net)	\$ 55,000	\$ 58,000	\$ 59,315	\$ 1,315
Specific Ownership Tax	6,000	6,000	6,112	112
Delinquent Tax	50	150	316	166
Delinquent Interest	200	200	350	150
Sales Tax	170,000	170,000	198,600	28,600
Building Use Tax	10,000	6,100	6,146	46
Franchise Tax	8,000	8,600	8,794	194
Total Taxes	249,250	249,050	279,633	30,583
Licenses and Permits				
Business Licenses and Permits	2,000	3,100	3,558	458
Non-Business Licenses and Permits	5,000	8,600	9,978	1,378
Total Licenses and Permits	7,000	11,700	13,536	1,836
Intergovernmental Revenue				
Highway Users Tax	17,500	18,000	20,295	2,295
Additional Motor Vehicle Fees	2,000	2,300	2,564	264
Cigarette Tax	1,100	1,100	1,191	91
Motor Vehicle Sales Tax	50	30	26	(4)
Road and Bridge	-	3,400	3,463	63
Severance Tax	-	8,400	8,421	21
Mineral Leasing	-	450	454	4
Total Intergovernmental Revenue	20,650	33,680	36,414	2,734
Fines and Forfeits				
Court Fines	-	-	-	-
Total Fines and Forfeits	-	-	-	-
Interest Income	2,000	500	621	121
Other Revenue				
Donations	13,710	6,200	4,937	(1,263)
Program Fees	2,000	1,300	1,271	(29)
Miscellaneous	15,000	56,000	65,931	9,931
Refunds of Expenditures	1,000	500	539	39
Total Other Revenue	31,710	64,000	72,678	8,678
TOTAL REVENUES	\$ 310,610	\$ 358,930	\$ 402,882	\$ 43,952

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2011

EXPENDITURES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government				
Salaries	\$ 36,753	\$ 38,500	\$ 38,631	\$ (131)
Fringe Benefits	10,855	12,203	11,335	868
Professional Services	30,000	50,000	41,166	8,834
Operating Supplies	3,000	3,000	2,570	430
Travel and Transportation	2,000	2,000	913	1,087
Dues and Meetings	2,000	2,000	2,199	(199)
Telephone and Postage	3,000	3,000	2,941	59
Insurance and Bonds	5,500	5,500	4,578	922
Printing and Advertising	2,000	2,250	3,748	(1,498)
Building and Plant	1,500	1,500	1,035	465
Legislative	13,000	13,000	13,818	(818)
Judicial	1,500	500	500	-
Miscellaneous	5,000	6,200	5,563	637
Total General Government	<u>116,108</u>	<u>139,653</u>	<u>128,997</u>	<u>10,656</u>
Public Safety				
Law Enforcement Contract	10,000	3,000	2,941	59
Total Public Safety	<u>10,000</u>	<u>3,000</u>	<u>2,941</u>	<u>59</u>
Public Works				
Salaries	43,000	43,000	40,891	2,109
Fringe Benefits	8,467	9,030	9,508	(478)
Operating Expenses	5,000	5,000	2,696	2,304
Streets Repairs and Maintenance	17,500	17,500	7,623	9,877
Equipment Repairs and Maintenance	5,000	5,000	1,551	3,449
Utilities	22,000	22,000	16,389	5,611
Insurance and Bonds	5,500	5,500	3,669	1,831
Miscellaneous	5,000	5,000	2,465	2,535
Total Public Works	<u>111,467</u>	<u>112,030</u>	<u>84,792</u>	<u>27,238</u>
Culture and Recreation				
Ball Park	10,000	11,500	10,962	538
Donations	15,000	15,000	10,250	4,750
Fish Hatchery	2,000	2,000	17,515	(15,515)
Recreation	40,000	39,691	9,183	30,508
Total Culture and Recreation	<u>67,000</u>	<u>68,191</u>	<u>47,910</u>	<u>20,281</u>
TOTAL EXPENDITURES	\$ 304,575	\$ 322,874	\$ 264,640	\$ 58,234

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ 6,035	\$ 36,056	\$ 138,242	\$ 102,186
Fund Balances at Beginning of Year	418,675	411,452	411,452	-
Fund Balances at End of Year	<u>\$ 424,710</u>	<u>\$ 447,508</u>	<u>\$ 549,694</u>	<u>\$ 102,186</u>

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND
For the Year Ended December 31, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes				
Sales Tax	\$ 70,000	\$ 75,000	\$ 85,682	\$ 10,682
Total Taxes	<u>70,000</u>	<u>75,000</u>	<u>85,682</u>	<u>10,682</u>
Other Revenue				
Interest Income	-	1,350	1,391	41
Total Other Revenue	<u>-</u>	<u>1,350</u>	<u>1,391</u>	<u>41</u>
TOTAL REVENUES	<u>70,000</u>	<u>76,350</u>	<u>87,073</u>	<u>10,723</u>
EXPENDITURES				
Capital Outlay	50,000	50,000	44,653	5,347
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>44,653</u>	<u>5,347</u>
Excess (deficiency) of revenues over expenditure	<u>20,000</u>	<u>26,350</u>	<u>42,420</u>	<u>16,070</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(40,000)	-	-	-
Transfers from Other Funds	38,000	38,000	38,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,000)</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	18,000	64,350	80,420	16,070
Fund Balance at Beginning of Year	<u>586,138</u>	<u>559,051</u>	<u>559,051</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 604,138</u>	<u>\$ 623,401</u>	<u>\$ 639,471</u>	<u>\$ 16,070</u>

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
VIRGINIA G. CHRISTENSEN FUND
For the Year Ended December 31, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest Income	\$ 100,000	\$ 170,000	\$ 181,554	\$ 11,554
Net Increase (Decrease) in Investment	2,000	250	(93,399)	(93,649)
TOTAL REVENUES	<u>102,000</u>	<u>170,250</u>	<u>88,155</u>	<u>(82,095)</u>
EXPENDITURES				
Culture and Recreation				
Distributions	39,000	87,400	89,885	(2,485)
Management Fees	25,000	25,000	35,353	
TOTAL EXPENDITURES	<u>64,000</u>	<u>112,400</u>	<u>125,238</u>	<u>(2,485)</u>
Excess (deficiency) of revenues over expenditure	<u>38,000</u>	<u>57,850</u>	<u>(37,083)</u>	<u>(84,580)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(38,000)	(38,000)	(38,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	19,850	(75,083)	(84,580)
Fund Balance at Beginning of Year	<u>3,805,836</u>	<u>4,089,854</u>	<u>4,089,854</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 3,805,836</u></u>	<u><u>\$ 4,109,704</u></u>	<u><u>\$ 4,014,771</u></u>	<u><u>\$ (84,580)</u></u>

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Intergovernmental Revenue				
State Lottery	\$ 3,600	\$ 3,500	\$ 3,431	\$ (69)
TOTAL REVENUES	<u>3,600</u>	<u>3,500</u>	<u>3,431</u>	<u>(69)</u>
Other Revenue				
Interest Income		16	4	(12)
Total Other Income	-	16	4	(12)
Total Revenues	<u>3,600</u>	<u>3,516</u>	<u>3,435</u>	<u>(81)</u>
EXPENDITURES				
Culture and Recreation				
Park Salaries	3,500	3,500	3,500	-
TOTAL EXPENDITURES	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>16</u>	<u>(65)</u>	<u>(81)</u>
Fund Balance at Beginning of Year	<u>6,947</u>	<u>7,176</u>	<u>7,175</u>	<u>(1)</u>
Fund Balance at End of Year	<u>\$ 7,047</u>	<u>\$ 7,192</u>	<u>\$ 7,110</u>	<u>\$ (82)</u>

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
WATER AND SEWER
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Operating Revenues				
Charges for Services	\$ 244,601	\$ 239,601	\$ 242,045	\$ 2,444
Total Operating Revenues	<u>244,601</u>	<u>239,601</u>	<u>242,045</u>	<u>2,444</u>
Operating Expenses				
Personnel Services	84,251	87,152	88,764	(1,612)
Materials and Supplies	10,000	10,250	7,376	2,874
Testing Fees	5,000	5,000	3,418	1,582
Professional Services	18,000	16,000	19,900	(3,900)
Repairs	5,000	5,000	2,754	2,246
Utilities	44,500	44,250	42,019	2,231
Insurance	5,500	5,500	3,669	1,831
Capital Improvements	300,000	700,000	975,313	(275,313)
Other Expenses	10,000	7,700	4,194	3,506
Total Operating Expenses	<u>482,251</u>	<u>880,852</u>	<u>1,147,407</u>	<u>(266,555)</u>
Operating income (loss)	(237,650)	(641,251)	(905,362)	(264,111)
Nonoperating Revenues (Expenses)				
Interest Income	200	100	3,009	2,909
Grants and loan proceeds	300,000	700,000	1,001,144	301,144
Transfers In	40,000	-	-	-
Debt Service Payments	(54,322)	(59,700)	(59,747)	(47)
Total nonoperating revenues (expenses)	<u>285,878</u>	<u>640,400</u>	<u>944,406</u>	<u>304,006</u>
Income Before Other Revenue	48,228	(851)	39,044	39,895
Capital Contributions	<u>12,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net Income (Loss)-Budgetary Basis	60,228	1,149	41,044	39,895
Amortization costs	-	-	(120)	(120)
Net Assets-Beginning Balance	<u>1,614,907</u>	<u>1,817,063</u>	<u>424,825</u>	<u>(1,392,238)</u>
Net Assets-Ending Balance	<u>\$ 1,675,135</u>	<u>\$ 1,818,212</u>	<u>\$ 465,749</u>	<u>\$ (1,352,463)</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Creede YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _) City of Creede, County of Mineral	Prepared By: Clyde Dooley Phone: 719-658-2276

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	20,991
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	7,623
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	3,500	b. Snow and ice removal	10,080
3. Other local imposts (from page 2)	6,000	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	10,080
5. Transfers from toll facilities	0	4. General administration & miscellaneous	4,997
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues	0	6. Total (1 through 5)	43,691
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	9,500	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	22,800	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	32,300	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	43,691

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
		32,300	43,691	(11,391)	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2011

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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	6,000	g. Other Misc. Receipts	0
6. Total (1. through 5.)	6,000	h. Other	0
c. Total (a. + b.)	6,000	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	20,200	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	2,600	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	2,600	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	22,800	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		20,991	20,991
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	20,991	20,991
d. Total Capital Outlay (Lines I.a. + I.b. + I.c.5)	0	20,991	20,991
			(Carry forward to page 1)

Notes and Comments: