
City of Creede
Financial Statements and
Independent Auditor's Report
as of
December 31, 2016

City of Creede

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CITY OF CREEDE
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2016

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, 2016. 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 \$9,639,345 (i.e. net position) as of December 31, 2016, an increase of \$ 230,411 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 6,062,716, an increase of \$ 275,358 in comparison with the prior year.
- The City's fund balance for the General Fund was \$ 1,218,266, an increase of \$ 150,820 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 38,596 during the 2016 fiscal year with no new loans.

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

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position is 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 Position

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the year ended December 31, 2016, the City's combined assets exceeded liabilities by \$ 9,639,345 of this amount, \$ 2,447,218 is unrestricted and available to meet the City's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$ 2,980,337 (31% of net position) and the restrictions from the Virginia G. Christensen Trust of \$ 4,180,790 or (43% of net position). The amount of \$ 2,980,337 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 position for 2016 and 2015:

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Assets				
Current and other assets	\$ 6,148,028	\$ 5,872,913	\$ 605,155	\$ 588,594
Capital assets	1,477,751	1,479,637	2,528,780	2,626,295
Total assets	<u>7,625,779</u>	<u>7,352,550</u>	<u>3,133,935</u>	<u>3,214,889</u>
Current liabilities	7,197	8,686	41,355	40,836
Non-current liabilities				
Loans payable	-	-	986,817	1,026,194
Total liabilities	<u>7,197</u>	<u>8,686</u>	<u>1,028,172</u>	<u>1,067,030</u>
Deferred inflows of resources				
Deferred property taxes	85,000	82,789	-	-
Net position				
Investment in capital assets net of related debt	1,477,751	1,479,637	1,502,586	1,561,506
Restricted	4,211,790	4,172,706	-	-
Unrestricted	1,844,041	1,608,732	603,177	586,353
Total net position	<u>\$ 7,533,582</u>	<u>\$ 7,261,075</u>	<u>\$ 2,105,763</u>	<u>\$ 2,147,859</u>

An additional portion of net position, \$ 4,211,790 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 2,477,218 (25% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

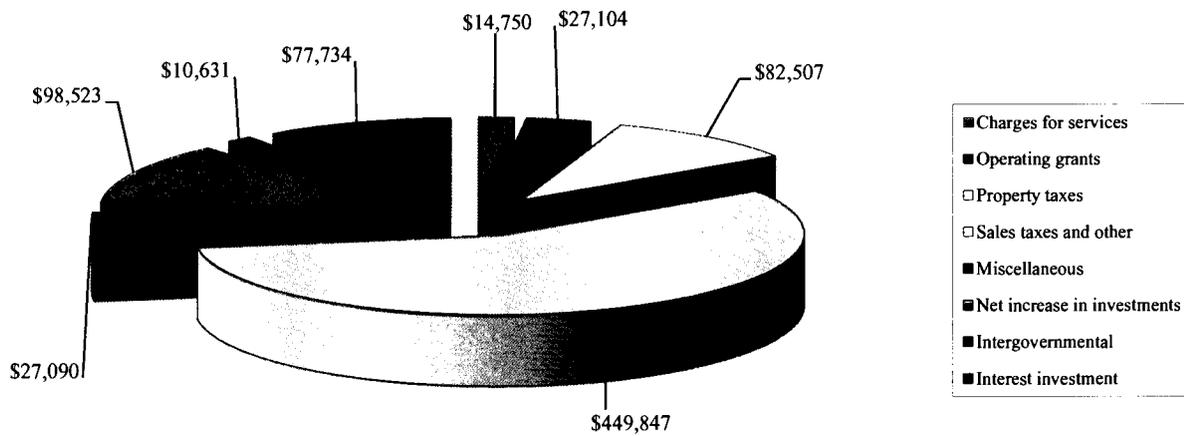
Governmental and business-type activities increased the City's net position by \$ 230,411 in 2016.

Revenues	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Program revenues				
Charges for services	\$ 14,750	\$ 19,024	\$ 299,979	\$ 324,667
Operating grants	27,104	27,006	-	-
Capital grants	-	-	19,946	74,850
General revenues				
Property taxes	82,507	77,325	-	-
Sales taxes	402,641	362,602	-	-
Other taxes	47,206	37,310	-	-
Intergovernmental	10,631	26,131	-	-
Interest on investment	77,734	108,117	236	2,625
Miscellaneous	27,090	26,838	-	-
Transfers	-	-	-	-
Net increase in investment	98,523	(155,499)	-	-
Totals	<u>788,186</u>	<u>528,854</u>	<u>320,161</u>	<u>402,142</u>
Expenses				
General government	173,155	151,240	-	-
Public safety	10,000	-	-	-
Public works	163,318	139,866	362,257	352,929
Parks and recreation	169,206	197,847	-	-
Total expenses	<u>515,679</u>	<u>488,953</u>	<u>362,257</u>	<u>352,929</u>
Increase in net position	272,507	39,901	(42,096)	49,213
Beginning	7,261,075	7,221,174	2,147,859	2,098,646
Ending	<u>\$ 7,533,582</u>	<u>\$ 7,261,075</u>	<u>\$ 2,105,763</u>	<u>\$ 2,147,859</u>

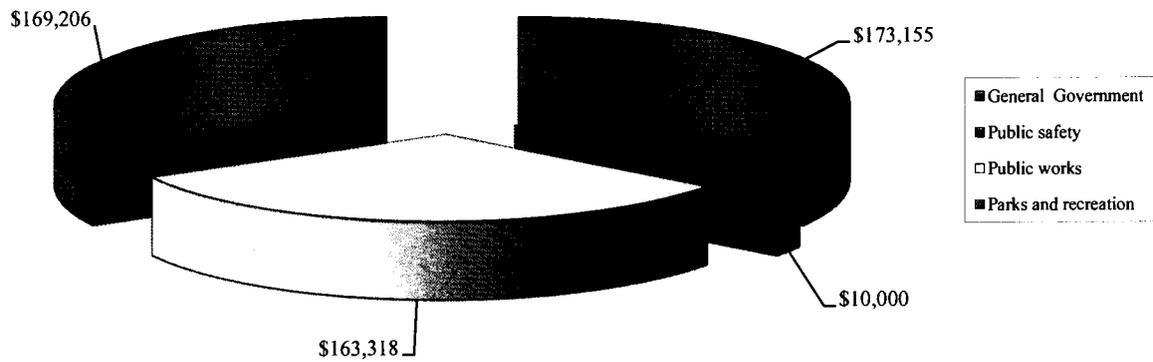
Governmental Activities

Governmental activities increased the City's net position by \$ 272,507.

Governmental Activities revenues for 2016



Governmental Activities expenses for 2016



Business-type Activities

Business-type activities for the year resulted in decrease in net position of \$ 42,096. Charges for services accounted for 94% 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 2016, the City’s governmental funds reported combined ending fund balances of \$ 6,062,716, an increase of \$ 275,338 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 20% of this total amount, \$ 1,187,266, 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 \$ 31,000, reserved for parks and recreation of \$ 4,180,790, and reserved for capital improvements, \$ 663,660.

The City has a General Fund, which is the primary operating fund for the Town. At the end of 2016, unassigned fund balance of the General Fund was \$ 1,187,266. 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 \$ 150,820 during 2016.

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 2016, the fund represented the following net position amounts:

Fund:	Water and Sewer
Unrestricted net position	\$ 603,177
Total net position	\$ 2,105,763
Decrease in net position	\$ 42,096

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted \$ 424,174 for 2016 expenditures. Actual expenditures were \$ 395,089. 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, 2016, was \$ 3,041,143 a decrease of \$ 36,565 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 12/31/2015	Additions	Deletions	Balance 12/31/2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	109,898	-	-	109,898
Capital assets being depreciated				
Building and improvements	735,463	33,898	-	769,361
Equipment	73,254	19,514	-	92,768
Vehicles	79,473	-	-	79,473
Infrastructure	931,183	-	-	931,183
Total capital assets being depreciated	1,819,373	53,412	-	1,872,785
Less accumulated depreciation for:				
Building and improvements	241,156	22,400	-	263,556
Equipment	61,383	3,817	-	65,200
Vehicles	56,243	5,704	-	61,947
Infrastructure	90,852	23,377	-	114,229
Total accumulated depreciation	449,634	55,298	-	504,932
Total capital assets being depreciated, net	1,369,739	(1,886)	-	1,367,853
Governmental activities				
Capital assets, net	<u>\$ 1,479,637</u>	<u>\$ (1,886)</u>	<u>\$ -</u>	<u>\$ 1,477,751</u>

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
Business-type activities				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Total capital assets not being depreciated	32,457	-	-	32,457
Capital assets being depreciated				
Utility plant	4,383,354	-	-	4,383,354
Equipment	123,015	-	-	123,015
Total capital assets being depreciated	4,506,369	-	-	4,506,369
Less accumulated depreciation				
Total accumulated depreciation	1,912,530	97,516	-	2,010,046
Business-type activities				
Capital assets, net	<u>\$ 2,626,296</u>	<u>\$ (97,516)</u>	<u>\$ -</u>	<u>\$ 2,528,780</u>

Long-term Debt

As of December 31, 2016, the City had long-term debt as follows:

	<u>Beginning Balance 12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 12/31/2016</u>	<u>Due Within One Year</u>
Business-type activities:					
Joint water and sewer					
Loan payable	\$ 1,019,653	\$ -	\$ 35,417	\$ 984,236	\$ 37,250
Note payable	<u>45,135</u>	<u>-</u>	<u>3,177</u>	<u>41,958</u>	<u>3,336</u>
Business-type activities					
long-term debt	<u>\$ 1,064,788</u>	<u>\$ -</u>	<u>\$ 38,594</u>	<u>\$ 1,026,194</u>	<u>\$ 40,586</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Factors bearing 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 repair the sixty-five year old flume running through town to mitigate flood waters of Willow Creek.
2. 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.

INDEPENDENT AUDITOR'S REPORT

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Creede's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creede, Colorado, as of December 31, 2016, 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.

Other Matters

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 on pages i–viii and 26-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Creede, Colorado's basic financial statements. The Statement and Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual for the Conservation Trust Fund and Water and Sewer Fund and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Blair and Associates, P.C.

Cedaredge, Colorado
July 6, 2017

City of Creede, Colorado
Statement of Net Position
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,265,691	\$ 382,063	\$ 2,647,754
Restricted Cash and Investments	3,760,581	181,337	3,941,918
Property Taxes Receivable	85,000	-	85,000
Accounts Receivable	16,361	41,755	58,116
Due from Other Governments	19,490	-	19,490
Prepaid expenses	905	-	905
Total Current Assets	6,148,028	605,155	6,753,183
Capital Assets			
Land	109,898	32,457	142,355
Water Distribution System	-	1,969,615	1,969,615
Utility Plant	-	2,413,739	2,413,739
Buildings and Improvements	769,361	-	769,361
Machinery and Equipment	92,767	123,015	215,782
Vehicles	79,473	-	79,473
Infrastructure	931,183	-	931,183
Less Accumulated Depreciation	(504,931)	(2,010,046)	(2,514,977)
Total Capital Assets	1,477,751	2,528,780	4,006,531
TOTAL ASSETS	7,625,779	3,133,935	10,759,714
LIABILITIES			
Current Liabilities			
Accounts Payable	312	1,978	2,290
Compensated Absences	6,885	-	6,885
Note and Loan Payable	-	40,586	40,586
Total Current Liabilities	7,197	42,564	49,761
Long-term Liabilities			
Note and Loan Payable	-	985,608	985,608
Total Long-term Liabilities	-	985,608	985,608
TOTAL LIABILITIES	7,197	1,028,172	1,035,369
Deferred inflows of resources			
Deferred Property Taxes	85,000	-	85,000
NET POSITION			
Invested in Capital Assets, Net of related Debt	1,477,751	1,502,586	2,980,337
Restricted for:			
Parks and Recreation Facilities	4,180,790	-	4,180,790
TABOR	31,000	-	31,000
Unrestricted	1,844,041	603,177	2,447,218
TOTAL NET POSITION	\$ 7,533,582	\$ 2,105,763	\$ 9,639,345

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	EXPENSES	Program Revenues		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General Government	\$ 173,155	\$ 7,932	\$ -	\$ -
Public Safety	10,000	-	-	-
Public Works	163,318	-	23,937	-
Culture and Recreation	169,206	6,818	3,167	-
Total Governmental Activities	515,679	14,750	27,104	-
Business-Type Activities				
Water and Sewer	362,257	299,979	-	19,946
Total Business-Type Activities	362,257	299,979	-	19,946
Total Primary Government	\$ 877,936	\$ 314,729	\$ 27,104	\$ 19,946

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 position

Net Position - Beginning

Net Position - Ending

See Notes to the Basic Financial Statements

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

Primary Government

Governmental Activities	Business-Type Activities	TOTAL
\$ (165,223)	\$ -	\$ (165,223)
(10,000)	-	(10,000)
(139,381)	-	(139,381)
(159,221)	-	(159,221)
<u>(473,825)</u>	<u>-</u>	<u>(473,825)</u>
-	(42,332)	(42,332)
-	(42,332)	(42,332)
<u>(473,825)</u>	<u>(42,332)</u>	<u>(516,157)</u>
82,507	-	82,507
402,641	-	402,641
47,206	-	47,206
10,631	-	10,631
77,734	236	77,970
27,090	-	27,090
98,523	-	98,523
<u>746,332</u>	<u>236</u>	<u>746,568</u>
272,507	(42,096)	230,411
<u>7,261,075</u>	<u>2,147,859</u>	<u>9,408,934</u>
<u>\$ 7,533,582</u>	<u>\$ 2,105,763</u>	<u>\$ 9,639,345</u>

CITY OF CREEDE, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST
ASSETS			
Cash and Investments	\$ 1,192,424	\$ 653,058	\$ 404,733
Restricted Cash and Investments	-	-	3,760,581
Accounts Receivable	5,757	10,604	-
Property Taxes Receivable	85,000	-	-
Prepaid expenses	905	-	-
Due from Other Governments	19,490	-	-
TOTAL ASSETS	<u>\$ 1,303,576</u>	<u>\$ 663,662</u>	<u>\$ 4,165,314</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 310	\$ 2	\$ -
TOTAL LIABILITIES	<u>310</u>	<u>2</u>	<u>-</u>
 Deferred inflows of resources			
Deferred Revenue-Property Taxes	<u>85,000</u>	<u>-</u>	<u>-</u>
 FUND BALANCE			
Restricted			
Parks and Recreation	-	-	4,165,314
Tabor Reserve	31,000	-	-
Committed			
Capital Improvements	-	663,660	-
Unassigned	1,187,266	-	-
TOTAL FUND BALANCE	<u>1,218,266</u>	<u>663,660</u>	<u>4,165,314</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,303,576</u>	<u>\$ 663,662</u>	<u>\$ 4,165,314</u>

See Notes to the Basic Financial Statements

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 15,476	\$ 2,265,691
-	3,760,581
-	16,361
-	85,000
-	905
-	19,490
<u>\$ 15,476</u>	<u>\$ 6,148,028</u>

\$ -	\$ 312
<u>-</u>	<u>312</u>

<u>-</u>	<u>85,000</u>
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15,476	4,180,790
-	31,000
-	663,660
-	1,187,266
<u>15,476</u>	<u>6,062,716</u>
<u>\$ 15,476</u>	<u>\$ 6,148,028</u>

CITY OF CREEDE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2016

Total governmental fund balances	\$ 6,062,716
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,477,751</u>
Compensated Absences	<u>(6,885)</u>
Net position of governmental activities	<u><u>\$ 7,533,582</u></u>

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
For the Year ended December 31, 2016

REVENUES	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	VIRGINIA G. CHRISTENSEN TRUST
Taxes	\$ 411,954	\$ 118,438	\$ -
Licenses and Permits	7,932	-	-
Intergovernmental Revenue	36,530	-	-
Interest Income	1,585	1,614	74,508
Net decrease In Investment	-	-	98,523
Other Revenue	33,908	-	-
TOTAL REVENUES	<u>491,909</u>	<u>120,052</u>	<u>173,031</u>
EXPENDITURES			
General Government	157,593	-	-
Public Safety	10,000	-	-
Public Works	130,421	-	-
Culture and Recreation	97,075	-	52,856
Capital Outlay	-	64,903	-
TOTAL EXPENDITURES	<u>395,089</u>	<u>64,903</u>	<u>52,856</u>
Excess (deficiency) of revenues over expenditures	<u>96,820</u>	<u>55,149</u>	<u>120,175</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	54,000	40,000	-
Transfers to Other Funds	-	-	(94,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>54,000</u>	<u>40,000</u>	<u>(94,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>150,820</u>	<u>95,149</u>	<u>26,175</u>
Fund Balances at Beginning of Year	<u>1,067,446</u>	<u>568,511</u>	<u>4,139,139</u>
Fund Balances at End of Year	<u>\$ 1,218,266</u>	<u>\$ 663,660</u>	<u>\$ 4,165,314</u>

See Notes to the Basic Financial Statements

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 530,392
-	7,932
3,167	39,697
27	77,734
-	98,523
-	33,908
<u>3,194</u>	<u>788,186</u>
-	157,593
-	10,000
-	130,421
-	149,931
-	64,903
<u>-</u>	<u>512,848</u>
<u>3,194</u>	<u>275,338</u>
-	94,000
<u>-</u>	<u>(94,000)</u>
<u>-</u>	<u>-</u>
3,194	275,338
12,282	5,787,378
<u>\$ 15,476</u>	<u>\$ 6,062,716</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, 2016

Net change in fund balances - total governmental funds \$ 275,338

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 depreciation exceeded capital outlay in the current period.

Capital Outlay	53,412
Depreciation expense	<u>(55,297)</u>
Total	<u>(1,885)</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 position compensated absences are expensed as they are accrued. Change in the compensated absences liability.

(946)

Change in net position of governmental funds \$ 272,507

CITY OF CREEDE, COLORADO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2016

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash	\$ 382,063
Restricted Cash and Investments	181,337
Accounts Receivable	41,755
Total Current Assets	605,155
Capital Assets	
Land	32,457
Water Distribution System	1,969,615
Utility Plant	2,413,739
Machinery and Equipment	123,015
Accumulated Depreciation	(2,010,046)
Total Capital Assets	2,528,780
TOTAL ASSETS	\$ 3,133,935
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,978
Note and Loan Payable	40,586
Total Current Liabilities	42,564
Long-Term Liabilities	
Note and Loan Payable	985,608
Total Long-Term Liabilities	985,608
TOTAL LIABILITIES	1,028,172
NET POSITION	
Invested in Capital Assets, Net of Related Debt	1,502,586
Unrestricted	603,177
TOTAL NET POSITION	2,105,763
TOTAL LIABILITIES AND NET POSITION	\$ 3,133,935

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
ENTERPRISE FUNDS
For the Year Ended December 31, 2016

	WATER AND SEWER FUND
OPERATING REVENUES	
Charges for services	\$ 299,979
Total Operating Revenues	299,979
OPERATING EXPENSES	
Personnel Services	137,030
Materials and Supplies	13,887
Testing Fees	16,310
Professional Services	12,610
Repairs	3,976
Utilities	45,299
Insurance	6,292
Depreciation Expense	97,516
Other Expense	9,391
Total Operating Expenses	342,311
Operating income (loss)	(42,332)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	236
Interest Expense	(19,946)
Total nonoperating revenues (expenses)	(19,710)
Income Before Other Revenue	(62,042)
Capital Contributions (Water and Sewer Taps)	19,946
Changes in Net Position	(42,096)
Net Position at beginning of year	2,147,859
Net Position at end of year	\$ 2,105,763

See Notes to the Basic Financial Statements

CITY OF CREEDE, COLORADO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 2016

	WATER AND SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 291,203
Cash Payments to Suppliers for Goods and Services	(108,029)
Cash Payments to Employees	(112,022)
Cash Payments for Employee Benefits and Taxes	(25,008)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	46,144
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions	19,946
Interest Paid on Notes and Bonds	(19,946)
Principal Paid on Notes and Bonds	(38,596)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(38,596)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	236
NET CASH PROVIDED BY INVESTING ACTIVITIES	236
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,784
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	555,616
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 563,400
 Operating Income	\$ (42,332)
Adjustments to Reconcile Operating Income to Net Cash Proved by Operating Activities:	
Depreciation	97,516
Decrease (Increase) in:	
Accounts and Grant Receivables	(8,776)
Increase (Decrease) in:	
Accounts Payable	(264)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 46,144

See Notes to the Basic Financial Statements

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

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

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

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

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note A – Summary of Significant Accounting Policies – continued

Basis of Presentation, Basis of Accounting - continued

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 sales tax 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 and sewer 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.

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.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note A – Summary of Significant Accounting Policies- continued

Measurement Focus, Basis of Accounting- continued

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

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

Assets, Liabilities and Equity

Deposits and investments - The cash balances of substantially all funds are pooled for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at December 31, 2015, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or certificates of deposit. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

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

Property taxes - Property taxes are levied on December 22 and 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 deferred inflows of resources at December 31.

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

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

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

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note A – Summary of Significant Accounting Policies- continued

Assets, Liabilities and Equity - continued

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 position.

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.

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 limited by the City to 80 hours per employee. Accrued vacation over 80 hours is paid to employee at year end. A liability for these amounts is reported in the governmental funds only if amounts are actually due to employees as a result of termination 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.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note A – Summary of Significant Accounting Policies – continued

Assets, Liabilities and Equity - continued

Deferred Outflows / Inflows of Resources

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

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

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.
- 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 2016.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

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 2016 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end \$2,334,123 of the City's bank balance of \$2,584,123 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

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

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

Credit Risk – As of December 31, 2016, 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. JP Morgan Chase Trust Department in Boulder, Colorado is serving as the trustee. The Trust is accounted for as a special revenue fund in the City's financial statements.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note B – Cash, Deposits and Investments - continued

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

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

	<u>Fair Market Value</u> <u>December 31, 2016</u>
AMG Managers Pictet International	\$ 189,309
Artisan Intl Value FD-ADV	148,363
IShares MSCI EAFE Index Fund	240,619
Oakmark International-I	178,496
Vanguard FTSE Europe ETF	49,234
Brown ADV Japan Alpha OPP-IS	75,778
IShares Inc MSCI Japan New	18,665
JPM GLBL RES ENH Index FD-SEL	<u>390,089</u>
Total	<u>\$1,290,553</u>

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 from 5 fixed income investments. These funds hold several types of fixed income no concentrations of any one user.

Investment Type		<u>Fair</u> <u>Value</u>	<u>Up to</u> <u>120 days</u>	<u>Credit</u> <u>Risk</u>
Bond Funds	100%	\$3,731,631	\$ 3,731,631	N/R
Cash on hand and in banks		2,553,386		
Money market funds	\$ 28,950			N/R
ColoTrust	<u>275,705</u>			
Cash and investments in custody of others		<u>304,655</u>		
Total deposits and investments		<u>\$ 6,589,672</u>		

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

<u>Government-wide Statement of Net Position</u>	
Cash and cash equivalents	\$ 2,647,754
Restricted cash and investments	<u>3,941,918</u>
Total	<u>\$ 6,589,672</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.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note B – Cash, Deposits and Investments - continued

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.

Note C – Interfund Transfers

Interfund transfers for the year ended December 31, 2016 were as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ -	\$ 54,000
Capital Improvement Fund	-	40,000
Virginia Christensen Fund	94,000	-
Total	\$ 94,000	\$ 94,000

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

Note D – Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	109,898	-	-	109,898
Capital assets being depreciated				
Building and improvements	735,463	33,898	-	769,361
Equipment	73,254	19,514	-	92,768
Vehicles	79,473	-	-	79,473
Infrastructure	931,183	-	-	931,183
Total capital assets being depreciated	1,819,373	53,412	-	1,872,785
Less accumulated depreciation for:				
Building and improvements	241,156	22,400	-	263,556
Equipment	61,383	3,817	-	65,200
Vehicles	56,243	5,704	-	61,947
Infrastructure	90,852	23,377	-	114,229
Total accumulated depreciaton	449,634	55,298	-	504,932
Total capital assets being depreciated, net	1,369,739	(1,886)	-	1,367,853
Governmental activities				
Capital assets, net	\$ 1,479,637	\$ (1,886)	\$ -	\$ 1,477,751

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note D – Capital Assets-continued

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Business-type activities				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Total capital assets not being depreciated	<u>32,457</u>	<u>-</u>	<u>-</u>	<u>32,457</u>
Capital assets being depreciated				
Utility plant	4,383,354	-	-	4,383,354
Equipment	123,015	-	-	123,015
Total Capital assets being depreciated	<u>4,506,369</u>	<u>-</u>	<u>-</u>	<u>4,506,369</u>
Less accumulated depreciation for:	1,912,530	97,516	-	2,010,046
Total accumulated depreciation	<u>1,912,530</u>	<u>97,516</u>	<u>-</u>	<u>2,010,046</u>
Business-type activities				
Capital assets, net	<u>\$ 2,626,296</u>	<u>\$ (97,516)</u>	<u>\$ -</u>	<u>\$ 2,528,780</u>

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

Governmental activities:	
General government	\$ 3,125
Public works	32,897
Culture and recreation	<u>19,275</u>
Total depreciation expense – governmental activities	<u>\$ 55,297</u>
Business-type activities:	
Water services	\$ 87,703
Sewer services	<u>9,813</u>
Total depreciation expense – business-type activities	<u>\$ 97,516</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note E – Long-term Debt

Changes in long-term debt

	Beginning Balance 1/1/2016	Additions	Deletions	Ending Balance 12/31/2016	Due Within One Year
Business-type activities:					
Joint water and sewer					
Loan payable	\$ 1,019,653	\$ -	\$ 35,417	\$ 984,236	\$ 37,250
Note payable	45,135		3,177	41,958	3,336
Business-type activities long-term debt	<u>\$ 1,064,788</u>	<u>\$ -</u>	<u>\$ 38,594</u>	<u>\$ 1,026,194</u>	<u>\$ 40,586</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, 2016 owed on the outstanding loan.

	Principal	Interest
2017	\$ 37,250	\$ 17,062
2018	37,905	16,407
2019	38,571	15,741
2020	39,249	15,063
2021	39,939	14,373
2022-2026	210,475	61,085
2027-2031	229,633	41,927
2032-2036	250,536	21,024
2037-2038	100,678	2,136
	<u>\$ 984,236</u>	<u>\$ 204,818</u>

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

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.

	Principal	Interest
2017	\$ 3,336	\$ 2,098
2018	3,503	1,931
2019	3,678	1,756
2020	3,862	1,572
2021	4,055	1,379
2022-2026	23,524	3,643
	\$ 41,958	\$ 12,379

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 \$213,067. The total City payroll for this period was \$264,90. Five employees were enrolled in the plan at year end.

Contributions:

Employer contributions to plan	\$ 6,392
Employee contributions to plan	6,392
Total contributions	\$ 12,784

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

Note G – Restricted Assets

In accordance with the contract with the Deep Creek Water and Sanitation District cash in the amount of \$ 73,908 has been restricted for a sewer treatment facility expansion.

Cash in the amount of \$ 404,733 and investments in the amount of \$ 3,760,581 are restricted by the Virginia G. Christensen Trust agreement.

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 2009, the City signed an agreement with the Deep Creek Water and Sanitation District which allows the District to connect to the City's sewage treatment plant. The District pays a monthly user fee for the services and a one-time Sewer System Development fee per user. The fees are established by resolution at the beginning of each year by the City of Creede Board of Trustees. The agreement states that the Sewer System Development fees received from the District will be restricted for sewer treatment facility expansion or capital improvement projects. User connection fees of \$ 73,908 are recorded as restricted cash at December 31, 2016.

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.

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.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

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:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenue	\$ 211,457	\$ 88,522	\$ 299,979
Depreciation and Amortization Expense	\$ 87,703	\$ 9,813	\$ 97,516
Operating income (loss)	\$ (40,847)	\$(21,195)	\$ (62,042)
Net income (loss)	\$ (20,901)	\$(21,195)	\$ (42,096)

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.

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.

City of Creede, Colorado
Notes to Financial Statements
December 31, 2016

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.

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

Note N – Operating Lease

The City entered into a capital lease on February 2, 2016 to lease a wheel loader at \$1,938.71 per month for 60 months, with an effect interest rate of 3.2%. The City has an option to purchase the equipment after the lease at \$63,440. The following are the lease payments for the next five years:

<u>Year</u>	<u>Amount</u>
2016	\$ 23,264
2017	23,264
2018	23,264
2019	23,264
2020	<u>7,755</u>
Total	<u>\$100,811</u>

CITY OF CREEDE, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year Ended December 31, 2016

REVENUES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Taxes				
General Property Taxes (Net)	\$ 82,000	\$ 85,000	\$ 82,507	\$ (2,493)
Specific Ownership Tax	7,000	7,500	7,639	139
Delinquent Tax	125	90	105	15
Delinquent Interest	250	300	383	83
Sales Tax	217,000	235,000	284,203	49,203
Building Use Tax	8,000	7,600	7,608	8
Franchise Tax	12,500	25,000	29,509	4,509
Total Taxes	<u>326,875</u>	<u>360,490</u>	<u>411,954</u>	<u>51,464</u>
Licenses and Permits				
Business Licenses and Permits	10,500	8,000	7,932	(68)
Total Licenses and Permits	<u>10,500</u>	<u>8,000</u>	<u>7,932</u>	<u>(68)</u>
Intergovernmental Revenue				
Highway Users Tax	19,000	20,000	20,877	877
Additional Motor Vehicle Fees	2,400	2,500	3,060	560
Cigarette Tax	1,200	1,100	1,168	68
Motor Vehicle Sales Tax	100	700	794	94
Road and Bridge	3,800	4,000	4,003	3
Severance Tax	10,000	6,397	6,397	-
Mineral Leasing	300	231	231	-
Total Intergovernmental Revenue	<u>36,800</u>	<u>34,928</u>	<u>36,530</u>	<u>1,602</u>
Interest Income	300	1,000	1,585	585
Other Revenue				
Donations	3,000	1,250	1,262	12
Program Fees	4,800	8,100	6,818	(1,282)
Miscellaneous	22,000	26,000	25,505	(495)
Refunds of Expenditures	275	300	323	23
Total Other Revenue	<u>30,075</u>	<u>35,650</u>	<u>33,908</u>	<u>(1,742)</u>
TOTAL REVENUES	<u>\$ 404,550</u>	<u>\$ 440,068</u>	<u>\$ 491,909</u>	<u>\$ 51,841</u>

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, 2016

EXPENDITURES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government				
Salaries	\$ 47,842	\$ 51,000	\$ 51,002	\$ (2)
Fringe Benefits	13,411	14,500	14,581	(81)
Professional Services	35,000	40,000	45,942	(5,942)
Operating Supplies	4,000	2,500	2,834	(334)
Travel and Transportation	5,000	2,000	883	1,117
Dues and Meetings	3,000	2,500	190	2,310
Telephone and Postage	3,800	2,900	2,801	99
Insurance and Bonds	8,500	8,500	6,997	1,503
Printing and Advertising	3,000	1,500	1,281	219
Building and Plant	2,000	1,500	896	604
Legislative	18,000	18,350	18,352	(2)
Judicial	1,500	-	-	-
Elections	3,000	1,300	1,295	5
Miscellaneous	17,500	9,500	10,539	(1,039)
Total General Government	<u>165,553</u>	<u>156,050</u>	<u>157,593</u>	<u>(1,543)</u>
Public Safety				
Law Enforcement Contract	10,000	10,000	10,000	-
Total Public Safety	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Public Works				
Salaries	52,524	52,524	52,287	237
Fringe Benefits	17,042	19,100	19,244	(144)
Operating Expenses	6,250	4,000	3,672	328
Streets Repairs and Maintenance	15,000	22,000	15,034	6,966
Equipment Repairs and Maintenance	6,000	3,000	1,354	1,646
Utilities	31,000	22,000	17,008	4,992
Insurance and Bonds	6,500	6,500	6,292	208
Debt Service	-	24,000	15,510	8,490
Miscellaneous	5,000	5,000	20	4,980
Total Public Works	<u>139,316</u>	<u>158,124</u>	<u>130,421</u>	<u>27,703</u>
Culture and Recreation				
Parks	39,210	36,300	31,296	5,004
Donations	5,000	-	-	-
Fish Hatchery	38,500	-	28,439	(28,439)
Recreation	33,917	63,700	37,340	26,360
Total Culture and Recreation	<u>116,627</u>	<u>100,000</u>	<u>97,075</u>	<u>2,925</u>
TOTAL EXPENDITURES	<u>\$ 431,496</u>	<u>\$ 424,174</u>	<u>\$ 395,089</u>	<u>\$ 29,085</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	54,000	54,000	54,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>54,000</u>	<u>54,000</u>	<u>54,000</u>	<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
GENERAL FUND
For the Year Ended December 31, 2016

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ 27,054	\$ 69,894	\$ 150,820	\$ 80,926
Fund Balances at Beginning of Year	971,747	1,067,446	1,067,446	-
Fund Balances at End of Year	<u>\$ 998,801</u>	<u>\$1,137,340</u>	<u>\$ 1,218,266</u>	<u>\$ 80,926</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, 2016

	<u>Budgeted</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Taxes				
Sales Tax	\$ 92,000	\$ 100,000	\$ 118,438	\$ 18,438
Total Taxes	<u>92,000</u>	<u>100,000</u>	<u>118,438</u>	<u>18,438</u>
Other Revenue				
Interest Income	500	1,500	1,614	114
Total Other Revenue	<u>500</u>	<u>1,500</u>	<u>1,614</u>	<u>114</u>
TOTAL REVENUES	<u>92,500</u>	<u>101,500</u>	<u>120,052</u>	<u>18,552</u>
EXPENDITURES				
Capital Outlay	95,000	70,000	64,903	5,097
TOTAL EXPENDITURES	<u>95,000</u>	<u>70,000</u>	<u>64,903</u>	<u>5,097</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500)</u>	<u>31,500</u>	<u>55,149</u>	<u>23,649</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	40,000	40,000	40,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	37,500	71,500	95,149	23,649
Fund Balance at Beginning of Year	<u>635,156</u>	<u>568,511</u>	<u>568,511</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 672,656</u>	<u>\$ 640,011</u>	<u>\$ 663,660</u>	<u>\$ 23,649</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, 2016

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Interest Income	\$ 183,000	\$ 179,897	\$ 74,508	\$ (105,389)
Net Increase (Decrease) in Investment	2,000	600	98,523	97,923
TOTAL REVENUES	<u>185,000</u>	<u>180,497</u>	<u>173,031</u>	<u>(7,466)</u>
EXPENDITURES				
Culture and Recreation				
Distributions	57,000	55,416	52,856	2,560
Management Fees	32,000	-	-	-
TOTAL EXPENDITURES	<u>89,000</u>	<u>55,416</u>	<u>52,856</u>	<u>2,560</u>
Excess (deficiency) of revenues over expenditures	<u>96,000</u>	<u>125,081</u>	<u>120,175</u>	<u>(4,906)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds	(94,000)	(94,000)	(94,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(94,000)</u>	<u>(94,000)</u>	<u>(94,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	2,000	31,081	26,175	(4,906)
Fund Balance at Beginning of Year	<u>4,384,654</u>	<u>4,139,139</u>	<u>4,139,139</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,386,654</u>	<u>\$ 4,170,220</u>	<u>\$ 4,165,314</u>	<u>\$ (4,906)</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, 2016

	<u>Budgeted</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Intergovernmental Revenue				
State Lottery	\$ 2,700	\$ 2,600	\$ 3,167	\$ 567
TOTAL REVENUES	<u>2,700</u>	<u>2,600</u>	<u>3,167</u>	<u>567</u>
Other Revenue				
Interest Income	<u>12</u>	<u>34</u>	<u>27</u>	<u>(7)</u>
Total Other Income	<u>12</u>	<u>34</u>	<u>27</u>	<u>(7)</u>
Total Revenues	<u>2,712</u>	<u>2,634</u>	<u>3,194</u>	<u>560</u>
EXPENDITURES				
Culture and Recreation				
Park Salaries	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>212</u>	<u>2,634</u>	<u>3,194</u>	<u>560</u>
Fund Balance at Beginning of Year	<u>6,612</u>	<u>12,282</u>	<u>12,282</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 6,824</u>	<u>\$ 14,916</u>	<u>\$ 15,476</u>	<u>\$ 560</u>

CITY OF CREEDE, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
WATER AND SEWER
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Fjnal</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Operating Revenues				
Charges for Services	\$ 296,307	\$ 298,300	\$ 299,979	\$ 1,679
Total Operating Revenues	<u>296,307</u>	<u>298,300</u>	<u>299,979</u>	<u>1,679</u>
Operating Expenses				
Personnel Services	129,169	136,000	137,030	(1,030)
Materials and Supplies	15,000	13,000	13,887	(887)
Testing Fees	10,000	15,500	16,310	(810)
Professional Services	15,000	13,500	12,610	890
Repairs	7,000	6,000	3,976	2,024
Utilities	44,300	49,700	45,299	4,401
Insurance	6,500	6,300	6,292	8
Other Expenses	20,000	13,000	9,391	3,609
Total Operating Expenses	<u>246,969</u>	<u>253,000</u>	<u>244,795</u>	<u>8,205</u>
Operating income (loss)	49,338	45,300	55,184	9,884
Nonoperating Revenues (Expenses)				
Interest Income	1,000	100	236	136
Debt Service Payments	(68,000)	(63,000)	(58,542)	4,458
Total nonoperating revenues (expenses)	<u>(67,000)</u>	<u>(62,900)</u>	<u>(58,306)</u>	<u>4,594</u>
Income Before Other Revenue	(17,662)	(17,600)	(3,122)	14,478
Capital Contributions	<u>20,000</u>	<u>18,000</u>	<u>19,946</u>	<u>1,946</u>
Net Income (Loss)-Budgetary Basis	2,338	400	16,824	16,424
Net Position-Beginning Balance	633,577	586,354	586,354	-
Net Position-Ending Balance	<u>\$ 635,915</u>	<u>\$ 586,754</u>	<u>\$ 603,178</u>	<u>\$ 16,424</u>