

CITY OF CRAIG
FINANCIAL STATEMENTS
DECEMBER 31, 2023

FINAL DRAFT

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INDEPENDENT AUDITORS' REPORT

City Council
Craig, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Denver, Colorado

July 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINAL DRAFT

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

INTRODUCTION

Our discussion and analysis of the City of Craig financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities and deferred inflows of resources at December 31, 2023 by \$82,544,682. Of this amount, \$32,585,480 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens, creditors, and enterprise fund customers.
- The City's total net position increased by \$9,409,825 over the previous year. The increase was a result of significant increases in federal and state grant funding used for construction projects taken on by the City.
- At December 31, 2023, the City's governmental fund balance sheet reported a combined ending fund balance of \$19,383,447, an increase of \$1,525,240 when compared to the prior year.
- The General Fund reported a fund balance of \$19,888,573, an increase of \$2,881,687 from the prior fiscal year as a result of increased tax revenues and increase grant revenues from the State.
- The City's outstanding long-term debt increased by \$814,392 in fiscal year 2023 as a result of the City's Housing Authority taking a accepting a loan from the Yampa Valley Community Foundation in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

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

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparison information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indication of a government's financial position. The City's assets exceeded its liabilities and deferred inflows of resources by \$82,544,682 at the close of the most recent fiscal year, representing an increase in total net position for the year amounting to \$9,409,825.

One of the largest portions of the City's net position (59.5%) reflects its investment in capital assets (for example, land, buildings, infrastructure, and machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$32,585,480 may be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$ 23,376,481	\$ 21,257,266	\$ 13,181,705	\$ 11,892,875	\$ 36,558,186	\$ 33,150,141
Right to use lease assets, net of accumulated amortization	129,870	222,016	-	-	129,870	-
Capital assets, net of depreciation	27,686,022	20,792,180	27,694,099	28,553,738	55,380,121	49,345,918
Total Assets	51,192,373	42,271,462	40,875,804	40,446,613	92,068,177	82,496,059
<u>Liabilities</u>						
Current liabilities	2,577,537	1,915,206	1,035,623	1,268,516	3,613,160	3,183,722
Noncurrent liabilities	59,367	173,090	4,139,525	4,759,856	4,198,892	4,932,946
Total Liabilities	2,636,904	2,088,296	5,175,148	6,028,372	7,812,052	8,116,668
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	1,717,550	1,466,550	-	-	1,717,550	1,466,550
<u>Net Position</u>						
Net investment in capital assets	26,185,480	20,756,309	22,934,244	23,456,070	49,119,724	44,212,379
Restricted	839,478	665,837	-	269,603	839,478	935,440
Unrestricted	19,812,961	17,294,470	12,772,519	10,692,568	32,585,480	27,987,038
Total Net Position	\$ 46,837,919	\$ 38,716,616	\$ 35,706,763	\$ 34,418,241	\$ 82,544,682	\$ 73,134,857

At the end of the current fiscal year, as in the prior year, the City is able to report positive balances in all three categories of net position as a whole and individually within the governmental and business-type activities. Unrestricted net position increased by \$4,598,442 compared with the prior year, largely due to a significant increase in revenues associated with sales and property taxes and an increase in state and federal grant funding. Despite the struggling economy, the City's finances are strong, sound, and stable because of solid, dedicated and committed financial and operational management.

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

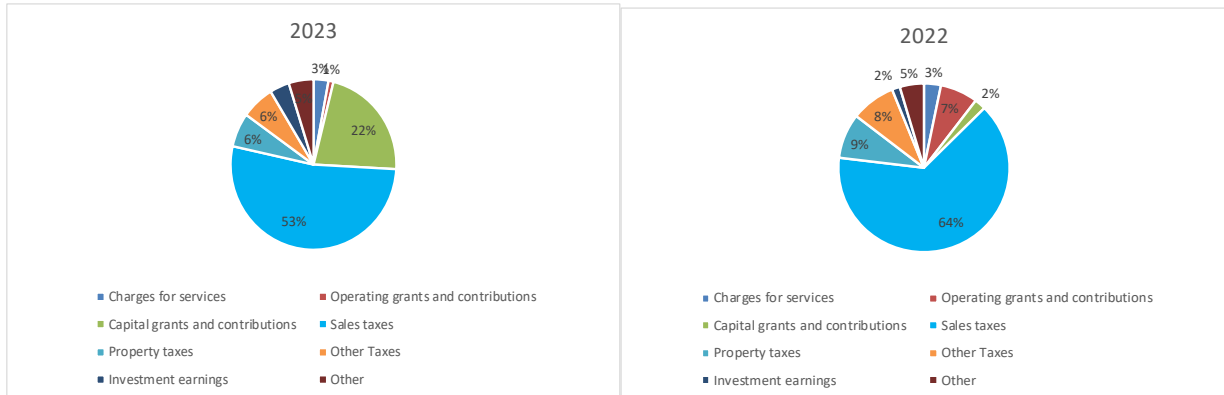
CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

City of Craig Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 678,945	\$ 570,176	\$ 7,494,132	\$ 7,215,083	\$ 8,173,077	\$ 7,785,259
Operating Grants & Contributions	229,761	1,274,426	-	-	229,761	1,274,426
Capital Grants & Contributions	5,142,018	384,567	131,950	973,609	5,273,968	1,358,176
General Revenues						
Sales Taxes	12,288,481	11,501,153	-	-	12,288,481	11,501,153
Property Taxes	1,510,642	1,536,698	-	-	1,510,642	1,536,698
Other Taxes & Fees	1,503,558	1,499,603	-	-	1,503,558	1,499,603
Investment Earnings	889,577	270,166	511,359	138,721	1,400,936	408,887
Other	1,130,899	814,627	42,618	97,013	1,173,517	911,640
Total Revenues	23,373,881	17,851,416	8,180,059	8,424,426	31,553,940	26,275,842
Expenses						
General Government	5,124,442	2,531,281	-	-	5,124,442	2,531,281
Public Safety	3,978,060	3,492,260	-	-	3,978,060	3,492,260
Road & Bridge	3,031,828	2,937,349	-	-	3,031,828	2,937,349
Community Development	405,979	415,179	-	-	405,979	415,179
Housing Development	176,209	-	-	-	176,209	-
Parks & Recreation	2,536,060	2,449,087	-	-	2,536,060	2,449,087
Water	-	-	3,262,266	3,044,813	3,262,266	3,044,813
Wastewater	-	-	1,731,223	1,636,034	1,731,223	1,636,034
Solid Waste	-	-	1,898,048	1,887,828	1,898,048	1,887,828
Total Expenses	15,252,578	11,825,156	6,891,537	6,568,675	22,144,115	18,393,831
Change in Net Position	8,121,303	6,026,260	1,288,522	1,855,751	9,409,825	7,882,011
Net Position - Beginning	38,716,616	32,690,356	34,418,241	32,562,490	73,134,857	65,252,846
Net Position - Ending	\$ 46,837,919	\$ 38,716,616	\$ 35,706,763	\$ 34,418,241	\$ 82,544,682	\$ 73,134,857

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal years 2023 and 2022.

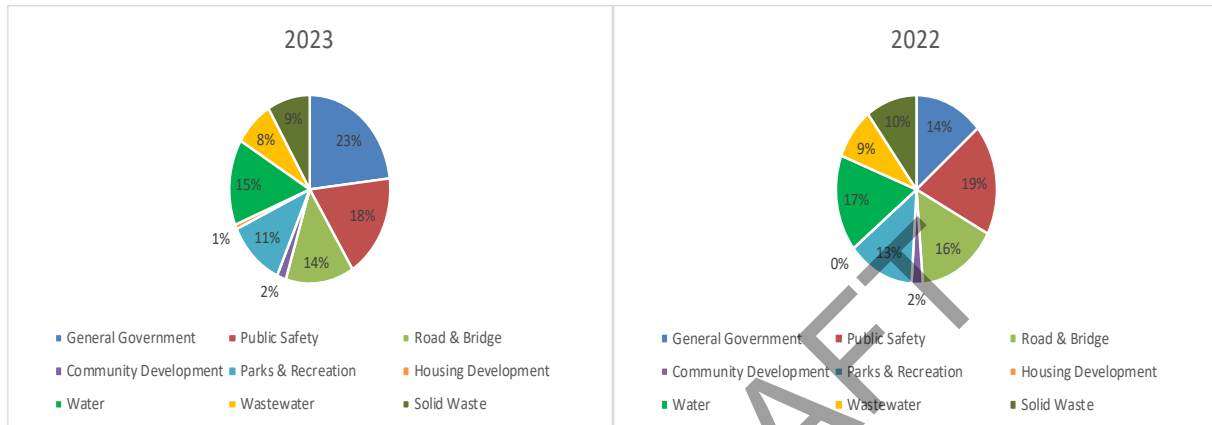
GOVERNMENTAL REVENUES



CITY OF CRAIG
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

As portrayed above and discussed earlier, the City is heavily reliant on sales tax as well as property taxes to support governmental operations. These tax revenues accounted for 59% of total revenues as compared to 73% in the prior year. The decrease is a result of a increase in capital grants and contributions.

GOVERNMENTAL FUNCTIONAL EXPENSES



Total expenses for governmental activities was \$15,252,578 in 2023 when compared to the 2022 total of \$11,825,156. The increase was driven in part by the City’s participation along with other regional government partners in the construction of a solar plant.

FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

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

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

As of December 31, 2023, the City's governmental funds reported combined fund balances of \$19,383,447, an increase of \$1,525,240 compared with the prior year balances. There is \$17,670,402 of unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance falls into the categories of either nonspendable, restricted, committed or assigned. These categories indicate that the funds are not available for new spending because they have already been designated for a specific purpose either by action of the City, statutory or debt-based requirements.

The General Fund is the chief operating fund of the City. At December 31, 2023, total fund balance in the General Fund was \$19,888,573. As a measure of the General Fund’s liquidity, the total fund balance amount represented 110% of total general fund expenditures at December 31, 2023. The fund balance of the General Fund increased by \$2,881,687 during the current fiscal year due to an increase in tax and grant revenues.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

The Craig Housing Authority is a blended component unit of the City that began operations in 2023 and is presented as a major special revenue fund in the City's financial statements. Total fund balance for the Housing Authority was a deficit of (\$1,553,187). The deficit was driven by the fund incurring capital outlay that was greater than revenue and other financing sources.

The Capital Projects Fund has a total fund balance of \$502,944, 100% of which is assigned for capital improvements. The \$24,930 increase in fund balance for the year is the result of increased property tax collections and investment earnings in 2023.

The Craig Urban Renewal Authority Fund is a blended component unit of the City and is presented as a special revenue fund in the City's statements. Total fund balance for the URA was \$80,975 and 100% of fund balance is restricted for the Urban Renewal Authority. The \$86,673 increase was driven by the collection of incremental sales tax in the Authority's area.

The Museum Fund has a total fund balance of \$464,142 100% of which is restricted to support the operations of the Museum of Northwest Colorado. The \$85,137 increase in fund balance was the result of the General Fund transferring \$370,000 to cover operations and capital construction.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. At December 31, 2023, total net position amounted to \$35,566,057 for enterprise funds, an increase of \$1,257,766 from the prior year.

Total net position of the Water Fund amounted to \$23,531,703 at the end of the fiscal year, representing a \$484,554 increase compared to the prior fiscal year. The largest portion of the fund's net position (71%) reflects its investment in capital assets less any related debt used to acquire those assets. Operating revenues decreased 2%, or \$51,874 compared to 2022 due to an increase in consumption charges to customers within the City. Operating expenses increased \$273,271 compared to 2022, resulting in a decrease in operating income of \$221,397 compared to 2022.

The Wastewater Fund total net position amounted to \$9,185,828 at the end of the fiscal year, representing an increase of \$631,543 compared to the prior year. The largest portion of the fund's net position (60%) represents its investment in capital assets. Operating revenues increased 6 % or \$126,281 and operating expenses increased \$124,329 when compared to the prior fiscal year, resulting in an increase in operating income of \$1,952.

Total net position of the Solid Waste Fund amounted to \$2,848,526 at the end of the fiscal year, reflecting an increase of \$141,669 compared to the prior fiscal year. The largest portion of the fund's net position (75%) represents unrestricted net position, which may be used to meet the City's ongoing obligations to its customers of the fund.

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2023 as well as the final budget are presented. Actual revenues for the general fund showed a negative variance of \$3,878,459 compared to budgeted revenues due mostly to lower state grant revenues compared to the budget during the fiscal year.

Expenditures for general government, public safety, road and bridge, community development, and parks and recreation were under budget by a total of \$9,422,504 due to a decrease in capital outlay expenditures in 2023 when compared to the budget.

CAPITAL ASSEST AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$55,509,991 (net of accumulated depreciation). This investment in capital assets includes land and water rights, buildings and systems, machinery and equipment, infrastructure, and vehicles. The overall net increase in the City's capital assets for the current fiscal year was 5.8% due to depreciation and construction of the assets.

City of Craig Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,714,858	\$ 1,555,077	\$ 1,719,009	\$ 1,719,009	\$ 3,433,867	\$ 3,274,086
Construction in Process	6,967,405	641,305	142,796	464,426	7,110,201	1,105,731
Buildings/Improvements	57,577,594	56,375,480	47,630,936	47,095,179	105,208,530	103,470,659
Machinery and Equipment	7,654,247	7,341,769	5,942,128	5,710,131	13,596,375	13,051,900
Right to Use Lease Assets	198,223	298,572	-	-	198,223	298,572
Total Assets	74,112,327	66,212,203	55,434,869	54,988,745	129,547,196	121,200,948
Total Accumulated Depreciation and Amortization	(46,296,435)	(45,198,007)	(27,740,770)	(26,435,007)	(74,037,205)	(71,633,014)
Net Capital and Leased Assets	\$ 27,815,892	\$ 21,014,196	\$ 27,694,099	\$ 28,553,738	\$ 55,509,991	\$ 49,567,934

Long-Term Debt. At the end of the current fiscal year, the City had total outstanding debt of \$6,390,267.

City of Craig Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Lease Obligations	\$ 116,340	\$ 257,887	\$ -	\$ -	\$ 116,340	\$ 257,887
YVCF Loan	\$ 1,514,072	\$ -	\$ -	\$ -	1,514,072	-
Lease Purchase Agreement	-	-	578,834	688,924	578,834	688,924
Series 2019 Bonds	-	-	1,464,098	1,803,846	1,464,098	1,803,846
Series 2020 Revolving Loan	-	-	2,716,923	2,874,501	2,716,923	2,874,501
Total	\$ 1,630,412	\$ 257,887	\$ 4,759,855	\$ 5,367,271	\$ 6,390,267	\$ 5,625,158

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Taxable property valuation decreased from \$77.2 million in 2022 to \$74.6 million in 2023. 2023 valuation is based on collections to be received by the City in 2024.
- Sales tax revenues were significantly higher than 2023 budgeted amounts as a result of: citizens and travelers purchasing within city limits and increased; the Wayfair decision triggering the reporting and collecting of sales tax for online sales; the collection of sales tax from retail marijuana sales.

Property tax rates remain unchanged for the 2024 fiscal year. All municipal services provided in 2023 will be continued in 2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF CRAIG
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 18,449,077	\$ 11,746,566	\$ 30,195,643
Restricted cash and cash equivalents	207,478	-	207,478
Receivables, net of allowance for doubtful accounts:			
Property tax	1,714,993	-	1,714,993
Accounts	2,825,358	718,651	3,544,009
Intergovernmental	273,724	21,826	295,550
Internal balances	(140,706)	140,706	-
Prepaid items	18,068	6,107	24,175
Inventory	28,489	553,956	582,445
Right to use lease asset, net of accumulated amortization	129,870	-	129,870
Capital assets not being depreciated	8,682,263	1,861,805	10,544,068
Capital assets, net of accumulated depreciation	19,003,759	25,832,294	44,836,053
Total assets	<u>51,192,373</u>	<u>40,881,911</u>	<u>92,074,284</u>
<u>Liabilities</u>			
Accounts payable	326,597	148,226	474,823
Accrued payroll	317,272	132,309	449,581
Accrued interest payable	405	27,210	27,615
Long-term liabilities:			
Lease liability	59,367	-	59,367
Due within one year	1,933,263	727,878	2,661,141
Due in more than one year	-	4,139,525	4,139,525
Total liabilities	<u>2,636,904</u>	<u>5,175,148</u>	<u>7,812,052</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue-property taxes	1,717,550	-	1,717,550
Total deferred inflows of resources	<u>1,717,550</u>	<u>-</u>	<u>1,717,550</u>
<u>Net Position</u>			
Net investment in capital assets	26,185,480	22,934,244	49,119,724
Restricted			
Emergency reserves	632,000	-	632,000
Future retirement contributions	207,478	-	207,478
Unrestricted	19,812,961	12,772,519	32,585,480
Total net position	<u>\$ 46,837,919</u>	<u>\$ 35,706,763</u>	<u>\$ 82,544,682</u>

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

CITY OF CRAIG
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes to Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 5,124,442	\$ 202,195	\$ 25,655	\$ 3,860,094	\$ (1,036,498)	\$ -	\$ (1,036,498)
Public safety	3,978,060	148,774	-	10,560	(3,818,726)	-	(3,818,726)
Road and bridge	3,031,828	-	-	213,031	(2,818,797)	-	(2,818,797)
Community development	405,979	-	-	-	(405,979)	-	(405,979)
Housing development	176,209	-	-	833,472	657,263	-	657,263
Parks and recreation	2,536,060	327,976	204,106	224,861	(1,779,117)	-	(1,779,117)
Total governmental activities	15,252,578	678,945	229,761	5,142,018	(9,201,854)	-	(9,201,854)
Business-type activities							
Water	3,262,266	3,401,719	-	62,076	-	201,529	201,529
Wastewater	1,731,223	2,154,987	-	69,874	-	493,638	493,638
Solid waste	1,898,048	1,937,426	-	-	-	39,378	39,378
Total business-type activities	6,891,537	7,494,132	-	131,950	-	734,545	734,545
	\$ 22,144,115	\$ 8,173,077	\$ 229,761	\$ 5,273,968	(9,201,854)	734,545	(8,467,309)
General Revenues:							
Taxes							
Sales and use tax					12,288,481	-	12,288,481
Property tax, levied for general purposes					1,510,642	-	1,510,642
Specific ownership tax					143,667	-	143,667
Franchise tax					335,496	-	335,496
Severance tax					645,370	-	645,370
Other taxes					379,025	-	379,025
Mineral lease revenue					813,191	-	813,191
Investment earnings					889,577	511,359	1,400,936
Gain (loss) on sale of assets					(29,536)	(21,730)	(51,266)
Miscellaneous					347,244	64,348	411,592
Total general revenues					17,323,157	553,977	17,877,134
Change in net position					8,121,303	1,288,522	9,409,825
Net position - Beginning					38,716,616	34,418,241	73,134,857
Net position - Ending					\$ 46,837,919	\$ 35,706,763	\$ 82,544,682

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

CITY OF CRAIG
BALANCE SHEET GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Craig Housing Authority	Non-Major Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 16,457,142	\$ 446,434	\$ 1,050,111	\$ 17,953,687
Receivables, net				
Property tax	1,565,783	-	149,210	1,714,993
Accounts	2,798,929	9,336	17,093	2,825,358
Intergovernmental	273,724	-	-	273,724
Due from other funds	2,012,213	-	-	2,012,213
Prepaid items	18,068	-	-	18,068
Inventories	14,916	-	13,573	28,489
Total assets	<u>\$ 23,140,775</u>	<u>\$ 455,770</u>	<u>\$ 1,229,987</u>	<u>\$ 24,826,532</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>				
Accounts payable	\$ 310,574	\$ 8,957	\$ 6,066	\$ 325,597
Accrued payroll	302,835	-	14,437	317,272
Due to other funds	-	2,000,000	12,213	2,012,213
Total liabilities	<u>613,409</u>	<u>2,008,957</u>	<u>32,716</u>	<u>2,655,082</u>
<u>Deferred inflows of resources</u>				
Unavailable grant revenues	1,070,453	-	-	1,070,453
Unavailable property tax	1,568,340	-	149,210	1,717,550
Total deferred inflows of resources	<u>2,638,793</u>	<u>-</u>	<u>149,210</u>	<u>2,788,003</u>
<u>Fund balance:</u>				
Nonspendable				
Inventory	14,916	-	13,573	28,489
Prepays	18,068	-	-	18,068
Restricted for				
TABOR emergency reserve	632,000	-	-	632,000
Museum	-	-	450,569	450,569
Urban Renewal	-	-	80,975	80,975
Assigned to				
Capital projects	-	-	502,944	502,944
Unassigned	19,223,589	(1,553,187)	-	17,670,402
Total fund balances	<u>19,888,573</u>	<u>(1,553,187)</u>	<u>1,048,061</u>	<u>19,383,447</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,070,322</u>	<u>\$ 455,770</u>	<u>\$ 1,229,987</u>	<u>\$ 23,756,079</u>

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

CITY OF CRAIG
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances of Governmental Funds \$ 19,383,447

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

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

Right to use lease asset, net of accumulated depreciation	129,870	
Capital assets	73,914,104	
Accumulated depreciation	<u>(46,228,082)</u>	
		27,815,892

Retirement forfeiture funds are not financial resources and are therefore not reported in the governmental fund balance sheet. 207,478

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

Unavailable grant revenues 1,070,453

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

Lease liabilities	(116,340)	
Loan payable	(1,514,072)	
Compensated absences	(362,218)	
Accrued interest payable	<u>(405)</u>	
		(1,993,035)

Internal service funds are used by management for medical benefits. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 353,684

Net Position of Governmental Activities \$ 46,837,919

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

CITY OF CRAIG
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Craig Housing Authority	Non-Major Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 14,033,003	\$ -	\$ 264,759	\$ 14,297,762
Licenses and permits	202,195	-	-	202,195
Intergovernmental revenue	5,207,676	833,472	78,288	6,119,436
Charges for services	311,432	-	16,544	327,976
Fines and forfeitures	148,774	-	-	148,774
Investment earnings	846,742	10,243	23,766	880,751
Miscellaneous	169,752	-	99,693	269,445
Total revenues	<u>20,919,574</u>	<u>843,715</u>	<u>483,050</u>	<u>22,246,339</u>
<u>Expenditures</u>				
Current				
General government	1,823,920	176,209	11,555	2,011,684
Judicial	144,544	-	-	144,544
Public safety	3,669,351	-	-	3,669,351
Road and bridge	2,379,235	-	-	2,379,235
Community development	410,122	-	-	410,122
Parks and recreation	1,865,730	-	441,575	2,307,305
Capital outlay	7,350,707	3,730,793	203,180	11,284,680
Debt Service				
Principal - leases	81,883	-	-	81,883
Interest - leases	5,895	-	-	5,895
Interest - loans	-	3,972	-	3,972
Total expenditures	<u>17,731,387</u>	<u>3,910,974</u>	<u>656,310</u>	<u>22,298,671</u>
Excess (deficiency) of revenues over (under) expenditures	3,188,187	(3,067,259)	(173,260)	(52,332)
<u>Other financing sources (uses)</u>				
Proceeds from Sale of Capital Assets	63,500	-	-	63,500
Proceeds from loans	-	1,514,072	-	1,514,072
Transfers in	-	-	370,000	370,000
Transfers out	(370,000)	-	-	(370,000)
Total other financing sources (uses)	<u>(306,500)</u>	<u>1,514,072</u>	<u>370,000</u>	<u>1,577,572</u>
Net changes in fund balances	2,881,687	(1,553,187)	196,740	1,525,240
Fund balances - beginning of year	<u>17,006,886</u>	<u>-</u>	<u>851,321</u>	<u>17,858,207</u>
Fund balances - end of year	<u>\$ 19,888,573</u>	<u>\$ (1,553,187)</u>	<u>\$ 1,048,061</u>	<u>\$ 19,383,447</u>

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

CITY OF CRAIG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net Changes in Fund Balances of Governmental Funds \$ 1,525,240

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year.

Capital outlay	8,223,553	
Amortization expense - right to use asset	(68,353)	
Depreciation expense	(1,236,675)	
		6,918,525

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

Retirement forfeitures	41,641	
Loss on disposal of assets	(93,036)	
Gain on remeasurement of lease liability	35,604	
Unavailable grant revenues	1,070,453	
Change in accrued interest payable	160	
		1,054,822

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

Principal - leases	81,883	
Proceeds from loans	(1,514,072)	
		(1,432,189)

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

(44,562)

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

99,467

Change in Net Position of Governmental Activities

\$ 8,121,303

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

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 6,315,395	\$ 3,389,126	\$ 2,042,045	\$ 11,746,566	\$ 495,390
Receivables, net of allowance for doubtful accounts	239,528	245,306	233,817	718,651	-
Receivables, intergovernmental	11,888	9,938	-	21,826	-
Prepays	-	5,329	778	6,107	-
Inventory	472,699	81,257	-	553,956	-
Total current assets	7,039,510	3,730,956	2,276,640	13,047,106	495,390
Noncurrent assets					
Non-depreciable capital assets	1,548,761	313,044	-	1,861,805	-
Depreciable capital assets, net	19,588,303	5,542,618	701,373	25,832,294	-
Total noncurrent assets	21,137,064	5,855,662	701,373	27,694,099	-
Total Assets	28,176,574	9,586,618	2,978,013	40,741,205	495,390
<u>Liabilities</u>					
Current liabilities					
Accounts payable	73,254	30,494	44,478	148,226	1,000
Accrued payroll	57,460	32,276	42,573	132,309	-
Accrued interest payable	23,488	3,722	-	27,210	-
Compensated absences	48,746	16,366	42,436	107,548	-
Notes payable	558,721	61,609	-	620,330	-
Total current liabilities	761,669	144,467	129,487	1,035,623	1,000
Noncurrent liabilities					
Notes payable	3,883,202	256,323	-	4,139,525	-
Total Liabilities	4,644,871	400,790	129,487	5,175,148	1,000
<u>Net Position</u>					
Net Investment in capital assets	16,695,141	5,537,730	701,373	22,934,244	-
Restricted	-	-	-	-	-
Unrestricted	6,836,562	3,648,098	2,147,153	12,631,813	494,390
Total Net Position	\$ 23,531,703	\$ 9,185,828	\$ 2,848,526	\$ 35,566,057	\$ 494,390
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				140,706	
Net Position of Business Type Activities				\$ 35,706,763	

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

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
<u>Operating Revenues</u>					
Charges for services	\$ 3,401,719	\$ 2,154,987	\$ 1,937,426	\$ 7,494,132	\$ 2,491,602
Miscellaneous	46,986	-	17,362	64,348	51,415
Total Operating Revenues	3,448,705	2,154,987	1,954,788	7,558,480	2,543,017
<u>Operating Expenses</u>					
Salaries	851,758	547,886	615,830	2,015,474	-
Employee benefits	424,379	239,620	301,241	965,240	57,842
Depreciation	810,233	346,873	148,653	1,305,759	-
Repairs and maintenance	283,780	145,439	50,927	480,146	-
Utilities	258,469	150,630	13,178	422,277	-
Landfill fees	-	-	530,917	530,917	-
Chemicals	265,727	21,298	-	287,025	-
Insurance and bonds	80,921	28,906	25,798	135,625	2,352,604
Supplies	66,994	37,419	172,619	277,032	-
Other purchased services	167,957	214,741	48,239	430,937	-
Miscellaneous	-	-	-	-	6,750
Total Operating Expenses	3,210,218	1,732,812	1,907,402	6,850,432	2,417,196
Operating Income	238,487	422,175	47,386	708,048	125,821
<u>Non-operating Revenues (Expenses)</u>					
Investment earnings	271,646	145,430	94,283	511,359	4,402
Interest expense	(65,925)	(5,936)	-	(71,861)	-
Gain (loss) on disposal of assets	(21,730)	-	-	(21,730)	-
Total Non-operating Revenues	183,991	139,494	94,283	417,768	4,402
Income Before Contributions and Transfers	422,478	561,669	141,669	1,125,816	130,223
<u>Capital Contributions</u>	62,076	69,874	-	131,950	-
Change in Net Position	484,554	631,543	141,669	1,257,766	130,223
Total Net Position - Beginning	23,047,149	8,554,285	2,706,857	34,308,291	364,167
Total Net Position - Ending	\$ 23,531,703	\$ 9,185,828	\$ 2,848,526	\$ 35,566,057	\$ 494,390
Change in Net Position of Enterprise Funds				\$ 1,257,766	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				30,756	
Change in Net Position of Business Type Activities				\$ 1,288,522	

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

CITY OF CRAIG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash received from customers and others	\$ 3,438,276	\$ 2,130,599	\$ 1,940,365	\$ 7,509,240	\$ 2,491,602
Cash paid for goods and services	(1,273,150)	(787,663)	(913,359)	(2,974,172)	(56,708)
Cash paid to employees	(1,383,111)	(717,529)	(860,247)	(2,960,887)	-
Other cash receipts	46,986	-	16,584	63,570	(2,353,238)
Other payments	-	-	-	-	44,665
Net Cash Provided by Operating Activities	829,001	625,407	183,343	1,637,751	126,321
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(68,011)	(294,113)	(105,726)	(467,850)	-
Capital grants and contributions	99,698	71,304	-	171,002	-
Principal paid on capital debt	(546,867)	(60,549)	-	(607,416)	-
Interest paid on capital debt	(70,853)	(6,642)	-	(77,495)	-
Net Cash (Used) by Capital and Related Financing Activity	(586,033)	(290,000)	(105,726)	(981,759)	-
Cash Flows from Investing Activities					
Interest on investment	271,646	145,430	94,283	511,359	4,402
Net Cash Provided by Investing Activities	271,646	145,430	94,283	511,359	4,402
Net Change in Cash and Cash Equivalents	514,614	480,837	171,900	1,167,351	130,723
Cash and Cash Equivalents - Beginning	5,800,781	2,908,289	1,870,145	10,579,215	364,667
Cash and Cash Equivalents - Ending	\$ 6,315,395	\$ 3,389,126	\$ 2,042,045	\$ 11,746,566	\$ 495,390
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income	\$ 238,487	\$ 422,175	\$ 47,386	\$ 708,048	\$ 125,821
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	810,233	346,873	148,653	1,305,759	-
(Increase) decrease in accounts receivable	36,557	(24,388)	2,939	15,108	-
(Increase) in inventory	(125,119)	(25,093)	-	(150,212)	-
Increase (decrease) in accounts payable	(139,190)	(94,003)	(18,569)	(251,762)	500
Increase (decrease) in accrued payroll	5,046	(2,332)	4,155	6,869	-
Increase (decrease) in compensated absences	2,987	2,175	(443)	4,719	-
Total Adjustments	590,514	203,232	136,735	930,481	500
Net Cash Provided by Operating Activities	\$ 829,001	\$ 625,407	\$ 184,121	\$ 1,638,529	\$ 126,321

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Craig Housing Authority – The Craig Housing Authority (CHA) was formed in 2021. The CHA utilizes government grants and other intergovernmental revenues to finance the construction of affordable housing within City limits. The CHA’s first year of financial activity was fiscal year 2023 and is presented as a special revenue fund in the financial statements.

Joint Ventures - The Craig/Moffat County Airport joint operations was created for the purposes of operating an airport for the benefit of the citizens of Craig and unincorporated Moffat County. The City provided approximately \$49,350 of funding for on-going airport operations for the year ended December 31, 2023. The Airport is included in the financial statements of Moffat County.

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the City.

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

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

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

The *Craig Housing Authority* is a blended component unit of the City and is a special revenue fund. All revenues collected by the fund are restricted for use on housing projects within City limits.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2023, the City believes all amounts recorded are fully collectible.

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Property taxes levied in the General Fund and the Capital Projects Fund and are included in receivables and deferred inflows at December 31, 2023. These taxes are classified as deferred inflows since they are not normally available to the City until mid-2024 and are budgeted for in 2023.

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

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital outlay for projects are capitalized as projects are constructed.

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

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

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

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

All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only when due.

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Restricted fund balance – The amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments at December 31, 2023 consisted of the following:

Petty Cash	\$	2,600
Cash Deposits		2,758,949
Investments		27,434,094
Funds held by others		207,478
Total	\$	<u>30,403,121</u>

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

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

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

At December 31, 2023, the carrying amount of the City's deposits was \$2,969,027 and the bank balance was \$3,210,125 of which \$250,000 was covered by FDIC insurance and the remainder covered by the PDPA.

Investments

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

- Obligations of the United States, certain U.S. agency securities and the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

Local Government Investment Pools – At December 31, 2023, the City had \$25,230,808 and \$203,286 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively, investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools operate similarly to money market funds and each share is valued at \$1.00. Both pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the funds.

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

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

At December 31, 2023 the City held a \$2,000,000 certificate of deposit. The City's investment in the certificate of deposit is value at amortized cost.

Restricted Cash and Investments – At December 31, 2023 the Governmental Activities reported \$207,478 of retirement forfeiture funds that are restricted for future retirement contributions.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments	\$ 30,195,643
Cash and investments - restricted	207,478
Total	<u>\$ 30,403,121</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is summarized below for governmental activities:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,555,077	\$ 159,781	\$ -	\$ 1,714,858
Construction in Progress	641,305	6,645,774	(319,674)	6,967,405
Total capital assets, not being depreciated	<u>2,196,382</u>	<u>6,805,555</u>	<u>(319,674)</u>	<u>8,682,263</u>
Capital assets, being depreciated				
Infrastructure	49,559,613	1,096,594	-	50,656,207
Buildings and improvements	6,815,867	105,520	-	6,921,387
Vehicles and equipment	7,341,769	535,558	(223,080)	7,654,247
Total capital assets being depreciated	<u>63,717,249</u>	<u>1,737,672</u>	<u>(223,080)</u>	<u>65,231,841</u>
Less accumulated depreciation for				
Infrastructure	(35,706,641)	(521,499)	-	(36,228,140)
Buildings and improvements	(3,373,413)	(235,140)	-	(3,608,553)
Vehicles and equipment	(6,041,397)	(480,036)	130,044	(6,391,389)
Total accumulated depreciation	<u>(45,121,451)</u>	<u>(1,236,675)</u>	<u>130,044</u>	<u>(46,228,082)</u>
Total capital assets, being depreciated, net	<u>18,595,798</u>	<u>500,997</u>	<u>(93,036)</u>	<u>19,003,759</u>
Government activities capital assets, net	<u>\$ 20,792,180</u>	<u>\$ 7,306,552</u>	<u>\$ (412,710)</u>	<u>\$ 27,686,022</u>

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

Governmental activities	
General government	\$ 201,214
Public safety	120,748
Road and bridge	671,026
Parks and recreation	243,687
Total	<u>\$ 1,236,675</u>

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED)

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Leased assets, being amortized				
Buildings	\$ 298,572	\$ -	\$ (100,349)	\$ 198,223
Total leased assets being amortized	298,572	-	(100,349)	198,223
Accumulated amortization				
Buildings	(76,556)	(68,353)	76,556	(68,353)
Total accumulated amortization	(76,556)	(68,353)	76,556	(68,353)
Total lease assets, being amortized, net	<u>\$ 222,016</u>	<u>\$ (68,353)</u>	<u>\$ (23,793.00)</u>	<u>\$ 129,870</u>

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

Capital asset activity for the year ended December 31, 2023 is summarized below for business-type activities:

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,719,009	\$ -	\$ -	\$ 1,719,009
Construction in Progress	464,426	138,202	(459,832)	142,796
Total capital assets, not being depreciated	2,183,435	138,202	(459,832)	1,861,805
Capital assets, being depreciated				
Infrastructure and buildings	47,095,179	535,757	-	47,630,936
Vehicles and equipment	5,710,131	231,997	-	5,942,128
Total capital assets being depreciated	52,805,310	767,754	-	53,573,064
Less accumulated depreciation for				
Infrastructure and buildings	(22,217,398)	(1,006,827)	-	(23,224,225)
Vehicles and equipment	(4,217,609)	(298,936)	-	(4,516,545)
Total accumulated depreciation	(26,435,007)	(1,305,763)	-	(27,740,770)
Total capital assets, being depreciated, net	26,370,303	(538,009)	-	25,832,294
Business-type activities capital assets, net	<u>\$ 28,553,738</u>	<u>\$ (399,807)</u>	<u>\$ (459,832)</u>	<u>\$ 27,694,099</u>

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Governmental Activities:					
Lease obligations	\$ 257,887	\$ -	\$ 141,547	\$ 116,340	\$ 56,973
YVCF Loan	-	1,514,072	-	1,514,072	1,514,072
Compensated absences	317,656	394,024	349,462	362,218	362,218
Total	<u>\$ 575,543</u>	<u>\$1,908,096</u>	<u>\$ 491,009</u>	<u>\$1,992,630</u>	<u>\$ 1,933,263</u>

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Business type					
Water revenue refunding note, Series 2019	\$ 1,803,846	\$ -	\$ 339,748	\$ 1,464,098	\$ 349,948
Drinking water revolving loan note, Series 2020	2,874,501	-	157,578	2,716,923	158,366
Lease Purchase Agreement	688,924	-	110,090	578,834	112,016
Compensated absences	102,829	109,910	105,191	107,548	107,549
Total	<u>\$ 5,470,100</u>	<u>\$ 109,910</u>	<u>\$ 712,607</u>	<u>\$4,867,403</u>	<u>\$ 727,879</u>

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

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

In 2023 the City entered into a \$2,500,000 loan agreement with Yampa Valley Community Foundation (YVCF) in order to help fund the construction of affordable housing within City limits. The loan carries a fixed interest rate of 3% and interest is payable the first day of each quarter. The loan is secured by a deed of trust and matures on December 31, 2024. As of December 31, 2023 the City has drawn \$1.514 million under the agreement.

Debt Service Requirements

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 2,134,402	\$ 112,652	\$ 2,247,054
2025	633,590	51,321	684,911
2026	647,203	37,708	684,911
2027	661,179	23,731	684,910
2028	280,431	12,293	292,724
2029-2033	820,022	38,745	858,767
2034-2038	840,754	18,012	858,766
2039-2040	256,346	1,283	257,629
	<u>\$ 6,273,927</u>	<u>\$ 295,745</u>	<u>\$ 6,569,672</u>

During 2016, The City entered into a lease agreement with Moffat County to lease space within the Moffat County Public Safety Complex to house the City's police department. During the year ended December 31, 2022, the City implemented GASB Statement No. 87 which required the re-measurement of the right to use lease asset and lease liability in the year of implementation. During 2023, the lease was modified which required the City to remeasure the lease liability and right to use asset. The effect of the remeasurement was run through the current period. See Note 4 for additional information on the right to use asset.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 56,973	\$ 3,720	\$ 60,693
2025	59,367	1,326	60,693
	<u>\$ 116,340</u>	<u>\$ 5,046</u>	<u>\$ 121,386</u>

Accrued Compensated Absences – Earned but unused vacation and sick benefits amounted to \$362,218 in governmental activities and \$107,548 in business-type activities as of December 31, 2023. The General Fund is used to pay compensated absences of the Governmental Funds.

NOTE 6 - PENSION PLANS

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

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

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

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

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 6 - PENSION PLANS (CONTINUED)

Deferred Compensation Plan – Section 401(a)

The City participates in a defined contribution retirement plan covering all full-time employees. The plan is administrated by MissionSquare Retirement Corporation and the City has no fiduciary responsibility for the plan. The City contributes 12% of the compensation and the employees contribute 6%. Plan contributions for the year ended December 31, 2023 were \$765,044 for the City and \$383,214 for the employees. The plan vests at a rate of 20% per year and is fully vested after five years. Unvested City contributions for employees who leave employment before five years are used to reduce the City's current period contribution requirement.

NOTE 7 - COMMITMENT AND CONTIGENCIES

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

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

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability. The City carries commercial and trust coverage for these risks and does not expect claims to exceed their coverage, nor have settlement claims exceeded coverage in any of the previous three years.

NOTE 9 - INTERGOVERNMENTAL AGREEMENT

On October 21, 2014, the City entered into an agreement with the Colorado River Water Conservation District (CRWCD). The agreement specifies the allocation of expenses for the operation, maintenance, repair and replacement of Elkhead Reservoir. Recreation facility and management expenses at Elkhead Reservoir shall be allocated 50% to the City and 50% to CRWCD. All other operation, maintenance, repair and replacement costs shall be allocated 51.75% to the City and 48.25% to CRWCD. The City paid \$14,089 for its share of costs in 2023.

CITY OF CRAIG
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 10 - RELATED PARTY TRANSACTIONS

The City from time to time in the normal course of business executes transactions with local businesses which in some cases may be owned by members of the City Council as well as provide utility services to those members and businesses. The City believes that transactions when they arise are handled in a manner which is consistent with its normal procurement policies. During the year ended December 31, 2023 a company owned by a member of City Council was paid approximately \$543,000 for contracted services.

FINAL DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIG
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023			2022	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Taxes					
General property taxes	\$ 1,316,710	\$ 1,316,710	\$ 1,320,089	\$ 3,379	\$ 1,344,967
Specific ownership taxes	120,000	120,000	128,541	8,541	127,497
Sales tax	10,859,100	10,859,100	12,193,339	1,334,239	11,488,163
Franchise tax	300,000	300,000	335,496	35,496	300,551
Interest and penalties	21,000	11,000	36,062	25,062	34,317
Cigarette taxes	12,000	12,000	19,476	7,476	14,086
Total taxes	12,628,810	12,618,810	14,033,003	1,414,193	13,309,581
Licenses and permits					
Building permits	51,000	51,000	164,154	113,154	143,817
Miscellaneous	69,700	69,700	38,041	(31,659)	46,082
Total licenses and permits	120,700	120,700	202,195	81,495	189,899
Intergovernmental revenues					
Highway user taxes	310,900	310,900	320,821	9,921	323,913
Motor vehicle tax	42,500	42,500	38,728	(3,772)	54,572
State grants	10,159,798	10,159,798	3,263,748	(6,896,050)	1,368,210
Mineral lease	300,000	300,000	813,191	513,191	568,602
Severance tax	500,000	500,000	645,370	145,370	663,981
State lottery	110,000	110,000	125,818	15,818	115,720
Public safety grants	-	-	-	-	56,746
Total intergovernmental revenues	11,423,198	11,423,198	5,207,676	(6,215,522)	3,151,744
Charges for services					
Recreation program fees	174,725	174,725	183,212	8,487	169,316
Swimming pool fees	75,500	75,500	112,952	37,452	106,594
Concessions	20,000	20,000	15,268	(4,732)	8,717
Total charges for services	270,225	270,225	311,432	41,207	284,627
Fines and forfeitures	50,000	50,900	148,774	97,874	74,937
Investment Earnings	85,000	85,000	846,742	761,742	261,236
Miscellaneous					
Rents and royalties	74,200	74,200	66,844	(7,356)	69,535
Contributions	140,000	140,000	66,575	(73,425)	15,800
Miscellaneous	15,000	15,000	36,333	21,333	64,219
Total Miscellaneous	229,200	229,200	169,752	(59,448)	149,554
Total Revenues	\$ 24,807,133	\$ 24,798,033	\$ 20,919,574	\$ (3,878,459)	\$ 17,421,578

See the accompanying independent auditors' report

CITY OF CRAIG
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
<u>Expenditures</u>					
General government					
City council	\$ 236,810	\$ 366,310	\$ 425,322	\$ (59,012)	\$ 193,595
Administration	294,950	301,470	306,336	(4,866)	279,375
Engineering	109,530	109,530	204,227	(94,697)	175,186
Finances	530,990	538,510	393,170	145,340	365,713
Clerk and personnel	275,100	280,610	240,545	40,065	226,556
Building maintenance	204,760	204,760	146,494	58,266	128,654
City attorney	161,740	164,800	107,826	56,974	115,059
Total general government	1,813,880	1,965,990	1,823,920	142,070	1,484,138
Judicial					
Municipal	153,510	156,250	144,544	11,706	104,740
Total judicial	153,510	156,250	144,544	11,706	104,740
Public safety					
Police	3,719,515	3,797,035	3,669,351	127,684	3,188,501
Total public safety	3,719,515	3,797,035	3,669,351	127,684	3,188,501
Road and bridge	2,739,780	2,784,080	2,379,235	404,845	2,199,508
Community Development	519,020	529,780	410,122	119,658	406,348
Parks and Recreation					
General operations	1,330,700	1,351,560	1,137,737	213,823	1,039,324
Pool complex	465,045	467,705	348,409	119,296	337,533
Center of Craig	36,100	36,100	28,330	7,770	31,410
Recreation programs	467,310	480,260	351,254	129,006	371,301
Total parks and recreation	2,299,155	2,335,625	1,865,730	469,895	1,779,568
Capital outlay	13,313,851	15,585,131	7,350,707	8,234,424	3,066,940
Debt Service					
Principal - leases	-	-	81,883	(81,883)	40,684
Interest - leases	-	-	5,895	(5,895)	3,464
Total Debt Service	-	-	87,778	(87,778)	44,148
Total Expenditures	\$ 24,558,711	\$ 27,153,891	\$ 17,731,387	\$ 9,422,504	\$ 12,273,891
<u>Other financing sources (uses)</u>					
Proceeds from Sale of Capital Assets	\$ 20,000	\$ 20,000	\$ 63,500	\$ (43,500)	\$ 32,307
Proceeds from long term lease liabilities	-	-	-	-	298,571
Transfers in	135,000	135,000	-	-	-
Transfers out	(370,000)	(370,000)	(370,000)	-	(370,000)
Total Other Financing Sources (Uses)	(215,000)	(215,000)	(306,500)	(43,500)	(39,122)
Net change in fund balance	\$ 33,422	\$ (2,570,858)	2,881,687	\$ (13,344,463)	5,108,565
Fund Balances - Beginning			17,006,886		11,898,321
Fund Balances - Ending			\$ 19,888,573		\$ 17,006,886

See the accompanying independent auditors' report

CITY OF CRAIG
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL – HOUSING AUTHORITY
YEAR ENDED DECEMBER 31, 2023

	2023		
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 3,583,470	\$ 833,472	\$ (2,749,998)
Investment earnings	-	10,243	10,243
Total revenues	<u>3,583,470</u>	<u>843,715</u>	<u>(2,739,755)</u>
<u>Expenditures</u>			
General government	107,250	176,209	(68,959)
Capital outlay	4,613,740	3,730,793	882,947
Debt service			
Loan interest	-	3,972	(3,972)
Total expenditures	<u>4,720,990</u>	<u>3,910,974</u>	<u>810,016</u>
Other Financing Sources and (Uses)			
Loan Proceeds	<u>2,500,000</u>	<u>1,514,072</u>	<u>985,928</u>
Net change in fund balance	<u>\$ 1,362,480</u>	<u>(1,553,187)</u>	<u>\$ (2,563,843)</u>
Fund Balances - Beginning		-	
Fund Balances - Ending		<u>\$ (1,553,187)</u>	

See the accompanying independent auditors' report

SUPPLEMENTARY INFORMATION

FINAL DRAFT

CITY OF CRAIG
COMBINING BALANCE SHEET,
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 501,779	\$ 93,230	\$ 455,102	\$ 1,050,111
Receivables, net				
Property tax	149,210	-	-	149,210
Accounts	1,165	-	15,928	17,093
Inventory	-	-	13,573	13,573
Total assets	<u>\$ 652,154</u>	<u>\$ 93,230</u>	<u>\$ 484,603</u>	<u>\$ 1,229,987</u>
<u>Liabilities, deferred inflows of resources,</u>				
<u>and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 42	\$ 6,024	\$ 6,066
Due to other funds	-	12,213	-	12,213
Accrued Payroll	-	-	14,437	14,437
Total liabilities	<u>-</u>	<u>12,255</u>	<u>20,461</u>	<u>32,716</u>
<u>Deferred inflows of resources</u>				
Unavailable property tax	149,210	-	-	149,210
Total deferred inflows of resources	<u>149,210</u>	<u>-</u>	<u>-</u>	<u>149,210</u>
<u>Fund balance:</u>				
Nonspendable				
Inventory	-	-	13,573	13,573
Restricted				
Urban renewal authority	-	80,975	-	80,975
Museum	-	-	450,569	450,569
Assigned to				
Capital Improvements	502,944	-	-	502,944
Total fund balances	<u>502,944</u>	<u>80,975</u>	<u>464,142</u>	<u>1,048,061</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 652,154</u>	<u>\$ 93,230</u>	<u>\$ 484,603</u>	<u>\$ 1,229,987</u>

CITY OF CRAIG
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental Funds
<u>Revenues</u>				
Taxes	\$ 169,617	\$ 95,142	\$ -	\$ 264,759
Intergovernmental revenue	-	-	78,288	78,288
Charges for services	-	-	16,544	16,544
Investment earnings	23,766	-	-	23,766
Miscellaneous	-	-	99,693	99,693
Total revenues	<u>193,383</u>	<u>95,142</u>	<u>194,525</u>	<u>483,050</u>
<u>Expenditures</u>				
General Government	3,086	8,469	-	11,555
Parks and Recreation	-	-	441,575	441,575
Capital Outlay	165,367	-	37,813	203,180
Total expenditures	<u>168,453</u>	<u>8,469</u>	<u>479,388</u>	<u>656,310</u>
Excess (deficiency) revenues over (under) expenditures	24,930	86,673	(284,863)	(173,260)
<u>Other financing sources (uses)</u>				
Transfers in	-	-	370,000	370,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>370,000</u>	<u>370,000</u>
Net change in fund balance	24,930	86,673	85,137	196,740
Fund Balances - Beginning	478,014	(5,698)	379,005	851,321
Fund Balances - Ending	<u>\$ 502,944</u>	<u>\$ 80,975</u>	<u>\$ 464,142</u>	<u>\$ 1,048,061</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023			2022
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Revenues</u>				
Property taxes	\$ 154,950	\$ 154,491	\$ (459)	\$ 157,414
Specific ownership taxes	8,800	15,126	6,326	15,003
Investment earnings	1,500	23,766	22,266	6,927
Total revenues	165,250	193,383	28,133	179,344
<u>Expenditures</u>				
Treasurer's fees	3,200	3,086	114	3,143
Capital outlay	200,000	165,367	34,633	151,441
Total expenditures	203,200	168,453	34,747	154,584
Net change in fund balance	\$ (37,950)	24,930	\$ (6,614)	24,760
Fund Balances - Beginning		478,014		453,254
Fund Balances - Ending		\$ 502,944		\$ 478,014

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
URBAN RENEWAL AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023		2022
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
<u>Revenues</u>			
Incremental sales tax	\$ 50,000	\$ 95,142	\$ 45,142
Total revenues	50,000	95,142	12,990
<u>Expenditures</u>			
General government	17,500	8,469	9,031
Total expenditures	17,500	8,469	18,688
Net change in fund balance	\$ 32,500	86,673	\$ 36,111
Fund Balances - Beginning		(5,698)	-
Fund Balances - Ending		\$ 80,975	\$ (5,698)

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
MUSEUM FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023				2022
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Revenues</u>					
Grants	\$ 13,500	\$ 13,500	\$ 23,166	\$ 9,666	\$ 5,220
Museum Concessions	19,000	19,000	16,544	(2,456)	20,713
Donations	41,500	41,500	55,122	13,622	113,097
Rents & Royalties	20,000	20,000	19,003	(997)	26,504
Miscellaneous	-	-	80,690	80,690	679
Total revenues	<u>94,000</u>	<u>94,000</u>	<u>194,525</u>	<u>100,525</u>	<u>166,213</u>
<u>Expenditures</u>					
Museum Operations	444,610	454,710	441,575	13,135	408,039
Capital outlay	24,290	38,640	37,813	827	21,553
Total expenditures	<u>468,900</u>	<u>493,350</u>	<u>479,388</u>	<u>13,962</u>	<u>429,592</u>
Excess (deficiency) revenues over (under) expenditures	(374,900)	(399,350)	(284,863)	114,487	(263,379)
<u>Other Financing Sources and (Uses)</u>					
Transfers in	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	-	<u>370,000</u>
Net change in fund balance	<u>\$ (4,900)</u>	<u>\$ (29,350)</u>	85,137	<u>\$ 114,487</u>	106,621
Fund Balances - Beginning			379,005		272,384
Fund Balances - Ending			<u>\$ 464,142</u>		<u>\$ 379,005</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
WATER FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023				2022
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	\$ 3,389,000	\$ 3,389,000	\$ 3,401,719	\$ 12,719	\$ 3,317,087
Meter sales	1,000	1,000	2,570	1,570	1,950
Tap fees	8,500	8,500	28,550	20,050	25,120
Investment earnings	18,000	18,000	271,646	253,646	76,135
Intergovernmental	1,400,000	1,400,000	33,526	(1,366,474)	523,559
Miscellaneous	40,000	40,000	44,416	4,416	77,794
Total revenues	<u>4,856,500</u>	<u>4,856,500</u>	<u>3,782,427</u>	<u>(1,074,073)</u>	<u>4,021,645</u>
Expenditures					
Salaries	922,590	952,190	851,758	100,432	831,245
Employee benefits	478,520	482,520	424,379	58,141	354,056
Repairs and maintenance	501,350	501,350	283,780	217,570	320,351
Utilities	252,000	252,000	258,469	(6,469)	252,053
Chemicals	222,000	222,000	265,727	(43,727)	210,094
Insurance and bonds	78,060	78,060	80,921	(2,861)	74,803
Supplies	35,900	35,900	66,994	(31,094)	34,847
Other purchased services	227,010	227,010	167,957	59,053	168,514
Capital outlay	2,505,000	2,505,000	68,011	2,436,989	1,485,294
Interest expense	70,860	70,860	65,925	4,935	77,598
Debt principal	546,870	546,870	546,867	3	486,638
Total expenditures	<u>5,840,160</u>	<u>5,873,760</u>	<u>3,080,788</u>	<u>2,792,972</u>	<u>4,295,493</u>
Other Financing Sources and (Uses)					
Gain on disposal of assets	25,000	25,000	-	(25,000)	-
Total contributed capital and transfers	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Change in net position - budget basis	<u>\$ (958,660)</u>	<u>\$ (1,017,260)</u>	701,639	<u>\$ 1,718,899</u>	(273,848)
Reconciliation to GAAP basis					
Depreciation			(810,233)		(690,984)
Debt principal			546,867		486,638
(Loss) on Sale of Assets			(21,730)		-
Capital outlay			68,011		1,485,294
Change in net position - GAAP basis			<u>484,554</u>		<u>1,007,100</u>
Net Position - Beginning			23,047,149		22,040,049
Net Position - Ending			<u>\$ 23,531,703</u>		<u>\$ 23,047,149</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023				2022
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	\$ 2,056,300	\$ 2,056,300	\$ 2,154,987	\$ 98,687	\$ 2,028,706
Tap fees	5,000	5,000	4,780	(220)	12,015
Intergovernmental grants	912,000	912,000	58,319	(853,681)	401,005
Investment earnings	8,000	8,000	145,430	137,430	35,961
Total revenues	<u>2,981,300</u>	<u>2,981,300</u>	<u>2,363,516</u>	<u>(617,784)</u>	<u>2,477,687</u>
Expenditures					
Salaries	629,950	649,420	547,886	101,534	600,943
Employee benefits	298,740	301,370	239,620	61,750	240,020
Repairs and maintenance	126,100	126,100	145,439	(19,339)	106,985
Utilities	99,500	99,500	150,630	(51,130)	135,567
Chemicals	22,900	22,900	21,298	1,602	2,497
Insurance and bonds	33,520	33,520	28,906	4,614	34,283
Supplies	35,850	35,850	37,419	(1,569)	36,059
Other purchased services	148,310	148,310	214,741	(66,431)	136,225
Loan Interest	6,650	6,650	5,936	714	6,990
Loan Principal	60,550	60,550	60,549	1	59,509
Capital outlay	<u>2,114,000</u>	<u>2,114,000</u>	<u>294,113</u>	<u>1,819,887</u>	<u>684,256</u>
Total expenditures	<u>3,576,070</u>	<u>3,598,170</u>	<u>1,746,537</u>	<u>1,851,633</u>	<u>2,043,334</u>
Other Financing Sources and (Uses)					
Capital Contributions	-	-	6,775	6,775	11,910
Total contributed capital and transfers	<u>-</u>	<u>-</u>	<u>6,775</u>	<u>6,775</u>	<u>11,910</u>
Change in net position - budget basis	<u>\$ (594,770)</u>	<u>\$ (616,870)</u>	623,754	<u>\$ 6,775</u>	446,263
Reconciliation to GAAP basis					
Depreciation			(346,873)		(315,904)
Debt principal			60,549		59,509
Capital outlay			<u>294,113</u>		<u>684,256</u>
Change in net position - GAAP basis			631,543		874,124
Net Position - Beginning			8,554,285		7,680,161
Net Position - Ending			<u>\$ 9,185,828</u>		<u>\$ 8,554,285</u>

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL
WITH RECONCILIATION TO GAAP BASIS
SOLID WASTE FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023			2022
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues				
Charges for services	\$ 1,812,200	\$ 1,812,200	\$ 1,937,426	\$ 125,226
Miscellaneous revenue	10,000	10,000	17,362	7,362
Interest income	9,000	9,000	94,283	85,283
Total revenues	<u>1,831,200</u>	<u>1,831,200</u>	<u>2,049,071</u>	<u>217,871</u>
Expenditures				
Salaries	604,030	626,060	615,830	10,230
Employee benefits	328,610	331,580	301,241	30,339
Repairs and maintenance	72,150	72,150	50,927	21,223
Utilities	8,200	8,200	13,178	(4,978)
Landfill fees	500,000	500,000	530,917	(30,917)
Insurance and bonds	26,210	26,210	25,798	412
Supplies	146,150	146,150	172,619	(26,469)
Other purchased services	48,250	48,250	48,239	11
Capital outlay	1,006,000	1,006,000	105,726	900,274
Total expenditures	<u>2,739,600</u>	<u>2,764,600</u>	<u>1,864,475</u>	<u>900,125</u>
Change in net position - budget basis	<u>\$ (908,400)</u>	<u>\$ (933,400)</u>	184,596	<u>\$ 1,117,996</u>
Reconciliation to GAAP basis				
Depreciation			(148,653)	(139,515)
Capital outlay			105,726	279,501
Change in net position - GAAP basis			141,669	47,966
Net Position - Beginning			2,706,857	2,658,891
Net Position - Ending			<u>\$ 2,848,526</u>	<u>\$ 2,706,857</u>

CITY OF CRAIG
COMPARATIVE STATEMENT OF NET POSITION
INTERNAL SERVICES – MEDICAL BENEFITS FUND
DECEMBER 31, 2023 AND DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 495,390	\$ 364,667
Total Assets	<u>495,390</u>	<u>364,667</u>
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Accounts payable	<u>1,000</u>	<u>500</u>
Total Liabilities	<u>1,000</u>	<u>500</u>
<u>Net position</u>		
Unrestricted	<u>\$ 494,390</u>	<u>\$ 364,167</u>

FINAL DRAFT

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION – BUDGET TO ACTUAL
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	2023			2022
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<u>Operating revenues</u>				
Charges for services	\$ 2,491,000	\$ 2,491,602	\$ 602	\$ 2,114,196
Other	600	51,415	50,815	-
Total revenues	<u>2,491,600</u>	<u>2,543,017</u>	<u>51,417</u>	<u>2,114,196</u>
<u>Operating expenses</u>				
Insurance premiums	2,386,800	2,352,604	34,196	2,288,523
Claims incurred	65,000	56,708	8,292	57,659
Administrative fees	1,500	1,134	366	1,254
Miscellaneous expenditures	-	6,750	(6,750)	10,000
Total operating expenses	<u>2,453,300</u>	<u>2,417,196</u>	<u>36,104</u>	<u>2,357,436</u>
Operating income	<u>38,300</u>	<u>125,821</u>	<u>87,521</u>	<u>(243,240)</u>
<u>Non-operating revenues</u>				
Investment earnings	-	4,402	4,402	1,775
Total non-operating revenues	<u>-</u>	<u>4,402</u>	<u>4,402</u>	<u>1,775</u>
Change in net position	<u>\$ 38,300</u>	<u>130,223</u>	<u>\$ 91,923</u>	<u>(241,465)</u>
Net Position - Beginning		<u>364,167</u>		<u>605,632</u>
Net Position - Ending		<u>\$ 494,390</u>		<u>\$ 364,167</u>

CITY OF CRAIG
STATEMENT OF CASH FLOWS
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2023, WITH 2022 COMPARATIVE TOTALS

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from users	\$ 2,491,602	\$ 2,114,196
Cash paid on claims	(56,708)	(57,659)
Cash paid for premiums and administration	(2,353,238)	(2,290,777)
Other payments	44,665	(10,000)
Net Cash Provided (Used) by Operating Activities	<u>126,321</u>	<u>(244,240)</u>
Cash Flows from Investing Activities		
Interest received	<u>4,402</u>	<u>1,775</u>
Net Cash Provided by Investing Activities	<u>4,402</u>	<u>1,775</u>
Net change in cash and cash equivalents	130,723	(242,465)
Cash and Cash Equivalents - Beginning	<u>364,667</u>	<u>607,132</u>
Cash and Cash Equivalents - Ending	<u>\$ 495,390</u>	<u>\$ 364,667</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating income	\$ 125,821	\$ (243,240)
Change in accounts payable	<u>500</u>	<u>(1,000)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 126,321</u>	<u>\$ (244,240)</u>

OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE

FINAL DRAFT

CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2023

Form Approved
OMB No. 2125-0032

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

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/23	
This Information From The Records Of: City of Craig		Prepared By: Mindy Elliott	
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. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 1,273,248.51
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 2,195,280.79
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 16,859.97
2. General fund appropriations	\$ 2,842,663.16	b. Snow and ice removal	\$ 12,616.74
3. Other local imposts (from page 2)	\$ 272,027.94	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 23,765.52	d. Total (a. through c.)	\$ 29,476.71
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 3,498,006.01
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 3,138,456.62	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government		2. Notes:	
(from page 2)	\$ 359,549.39	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	\$ -	c. Total (a. + b.)	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 3,498,006.01	3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 3,498,006.01
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)			\$ -
1. Bonds (Refunding Portion)			\$ -
B. Notes (Total)			\$ -
V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)			
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements
		\$ 3,498,006.01	\$ 3,498,006.01
			D. Ending Balance
			\$ -
E. Reconciliation			
Notes and Comments:			

CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2023

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/23	

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 Assesments	\$ 128,360.89	a. Interest on investments	\$ 23,765.52
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 143,667.05	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 143,667.05	h. Other	
c. Total (a. + b.)	\$ 272,027.94	i. Total (a. through h.)	\$ 23,765.52
(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 (from Item I.C.5.)	\$ 320,821.48	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 38,727.91	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 38,727.91	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 359,549.39	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES 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			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities		\$ 250,220.15	\$ 250,220.15
(2). Capacity Improvements		\$ 6,906.75	\$ 6,906.75
(3). System Preservation		\$ 666,478.89	\$ 666,478.89
(4). System Enhancement And Operation		\$ 349,642.72	\$ 349,642.72
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 1,273,248.51	\$ 1,273,248.51
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 1,273,248.51	\$ 1,273,248.51
(Carry forward to page 1)			
Notes and Comments:			

FORM FHWA-536

SINGLE AUDIT SECTION

FINAL DRAFT

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

To the City Council
Craig, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 5, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Denver, Colorado

July 5, 2023

FINAL DRAFT

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

City Council
Craig, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Craig's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Denver, Colorado

July 5, 2023

FINAL DRAFT

CITY OF CRAIG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Awarding Agencies	Federal CFDA Number	Passthrough Grantor's Number	Amounts Passed to Subrecipients	Federal Awards Expended
U.S. Department of Interior				
Passed through the Colorado Department of Local Affairs				
Mineral Leasing Act				
MCC1 Panel Replace	15.437	EIAF # 9488	\$ -	\$ 33,526
Sludgeline Phase 3	15.437	EIAF #9449	-	24,431
Yampa River Corridor Project	15.437	EIAF #9408	-	72,692
Sewer Main Replacement	15.437	EIAF #9563	-	33,888
Total U.S. Department of Interior			-	164,537
U.S. Department of Treasury				
Passed through the Colorado Department of Local Affairs				
Coronavirus State and Local Fiscal Recovery Funds	21.027		32,264	956,956
Total U.S. Department of Treasury			32,264	956,956
U.S. Environmental Protection Agency				
Brownfields Multipurpose, Revolving Loan Fund				
and Cleanup Cooperative Agreements	66.818		-	97,403
Total U.S. Environmental Protection Agency			-	97,403
Total Federal Financial Assistance			\$ 32,264	\$ 1,218,896

CITY OF CRAIG
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 – GENERAL

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

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards included the federal award activity of the City under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net assets of the City. Governmental Funds are used to account for the City's federal grant activity. Amounts reported in the Schedule of Expenditures of Federal Awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited so to reimbursement. See Note 1 of the financial statements for a summary of significant accounting policies. The City has not elected to use the de minimis indirect cost rate of 10% as allowed under the Uniform Guidance.

CITY OF CRAIG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

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

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

unmodified opinion

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

_____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CITY OF CRAIG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section II – Financial Statement Findings

2023-01

Type of Finding:

- Significant Deficiency in Internal Controls over Financial Reporting

Condition and Context: During our testing of grant revenues we noted that \$1,070,453 of grant receivables reimbursed to the City outside of the 60 day period of availability were recorded as revenues in the General Fund.

Cause: This occurred because the request for reimbursement was reimbursed to the City as quickly as other state grants that the City has previously received, and there was no control in place to review grant receipts against the City's period of availability.

Effect: An audit adjustment was recorded that reduced general fund revenues and increased deferred outflows of resources by \$1,070,453.

Repeat Finding: This is not a repeat finding.

Recommendation: The Adams Group, LLC recommend that the City implement a process to review grant receipts received for outstanding year end receivables against the City's 60 day period of availability in order to determine if revenues can be recognized in the governmental fund financial statements.

Views of responsible officials: Management agrees with the finding.

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

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

Section IV Findings – Prior Year Findings

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