

CITY OF CRAIG
FINANCIAL STATEMENTS
DECEMBER 31, 2019

TABLE OF C O N T E N T S

| | |
|---|---------|
| Independent Auditors' Report | A1 – A3 |
| Management's Discussion and Analysis | B1 – B7 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Net Position | C1 |
| Statement of Activities | C2 |
| FUND FINANCIAL STATEMENTS | |
| <u>Government Funds</u> | |
| Governmental Funds - Balance Sheet | C3 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | C4 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | C5 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | C6 |
| <u>Proprietary Funds</u> | |
| Statement of Net Position – Proprietary Funds | C7 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds | C8 |
| Statement of Cash Flows – Proprietary Funds | C9 |
| NOTES TO THE BASIC FINANCIAL STATEMENTS | D1- D14 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues – Budget and Actual – General Fund | E1 |
| Schedule of Expenditures – Budget and Actual – General Fund | E2 |

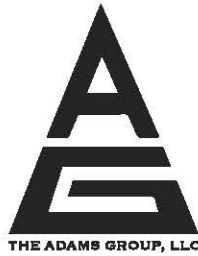
TABLE OF C O N T E N T S - (CONTINUED)

SUPPLEMENTARY INFORMATION

| | |
|--|-----|
| Combining Balance Sheet-Non-major Governmental Funds | F1 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances- Non-major Governmental Funds | F2 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – ACET Fund | F3 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund | F4 |
| Schedule of Revenues, Expenditures, and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Proprietary Funds | |
| Water Fund | F5 |
| Wastewater Fund | F6 |
| Solid Waste Fund | F7 |
| Comparative Statement of Net Position – Medical Benefit Fund | F8 |
| Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual – Medical Benefit Fund | F9 |
| Statement of Cash Flows – Medical Benefit Fund | F10 |

OTHER SUPPLEMENTARY INFORMATION – STATE COMPLIANCE

| | |
|------------------------------|-------|
| Local Highway Finance Report | G1-G2 |
|------------------------------|-------|



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Craig
Craig, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig, Colorado, (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Craig as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages B1 to B7 and E1 to E2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison information and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary comparison information and the Local Highway Finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 issue our report dated July 10, 2020, on our consideration of the City of Craig, Colorado'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 of Craig Colorado'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 the City of Craig, Colorado's internal control over financial reporting and compliance.

The Adams Group, LLC

August 31, 2020
Denver, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CRAIG
Management's Discussion and Analysis (MD&A)
DECEMBER 31, 2019

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, 2019. It should be read in conjunction with the City's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

FINANCIAL HIGHLIGHTS

- ❑ The City's General Fund and the business-type activities were able to maintain or increase fund reserves.
- ❑ Total net position was \$51,586,121 on December 31, 2019 which was up by \$5,961,119 from December 31, 2018.
- ❑ The City continues to maintain the same level of services and revenues increased while expenses remained relatively unchanged.
- ❑ The increase in revenues was driven by a full year of sales tax collections which was approved by the citizens of the City in November of 2017 with an effective date of July 1, 2018.
- ❑ Also, the City has experienced an increase in sales tax revenues partially due to the collection from internet sales as a result of the U.S. Supreme Court decision on South Dakota v. Wayfair.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. Other supplementary information is also included at the end of the report.

Government-Wide Financial Statements.

The government-wide statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector companies.

The statement of net position presents information on all of the City's assets and liabilities. The difference between the assets and liabilities is report as net position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The statement of activities presents information reflecting how the City's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

activities). The governmental activities of the City include general government, park and recreation, public safety and public works. The business-type activities of the City include water, wastewater and solid waste.

Fund Financial Statements. Traditional users of the City's financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following Criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities, etc.) for that fund type (i.e. governmental or enterprise funds) and 2) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. To facilitate this comparison, reconciliations are provided for both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. 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.

The City adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes to the financial statements are considered an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided in both the governmental-wide and fund financial statements.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator a government's financial position. In the case of the City of Craig, assets exceeded liabilities by \$51,586,121 at the close of the most recent fiscal year.

CHANGES IN NET POSITION

By far the largest portion of the City's net position (62.86%) reflect its investment in capital assets (e.g., land, buildings, machinery and equipment), less any 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 in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these

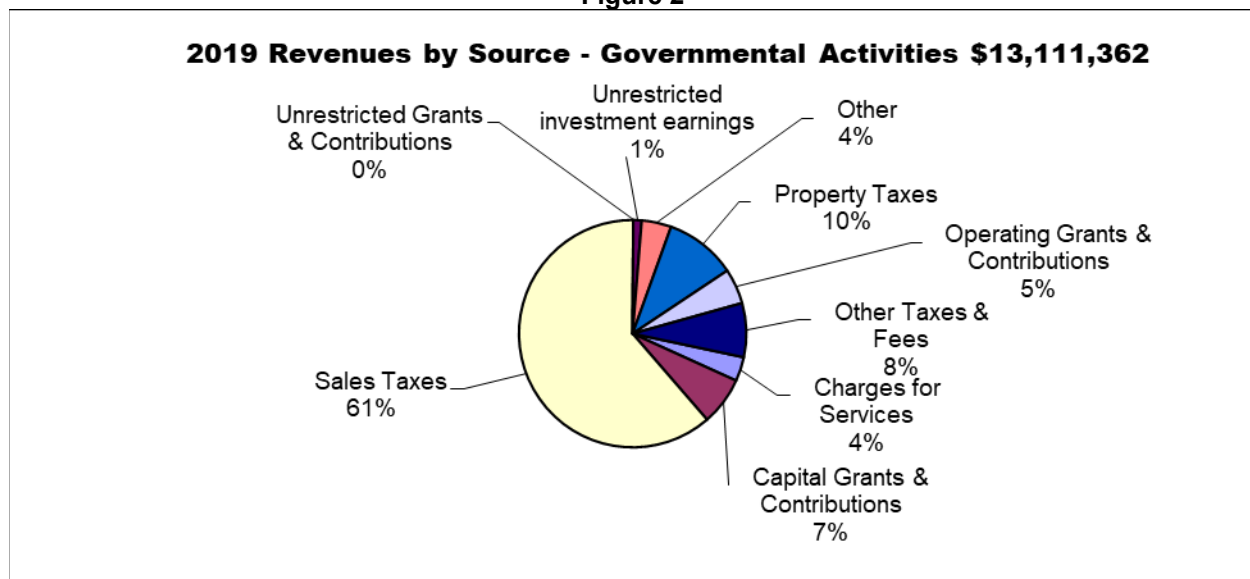
liabilities. A portion of the City's net position (only 0.62%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$16,264,877 may be used to meet the City's ongoing obligations to its citizens and creditors.

Figure 1
City of Craig
Net Position
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | Total % Change |
|-------------------------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|-------------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | |
| Current & other assets | 8,663 | 11,107 | 7,724 | 11,406 | 16,387 | 22,513 | 37.38% |
| Capital assets | 12,587 | 14,184 | 22,190 | 23,926 | 34,777 | 38,110 | 9.58% |
| Total Assets | 21,250 | 25,291 | 29,914 | 35,332 | 51,164 | 60,623 | 18.49% |
| Other liabilities | 665 | 662 | 461 | 974 | 1,126 | 1,636 | 45.29% |
| Long-term liabilities | 12 | 264 | 3,067 | 5,710 | 3,079 | 5,974 | 94.02% |
| Total Liabilities | 677 | 926 | 3,528 | 6,684 | 4,205 | 7,610 | 80.98% |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable property tax | 1,402 | 1,427 | 0 | 0 | 1,402 | 1,427 | 1.78% |
| Net Position: | | | | | | | |
| Net investment in capital assets | 12,575 | 13,784 | 19,124 | 21,161 | 31,699 | 34,945 | 10.24% |
| Restricted | 288 | 376 | 0 | 0 | 288 | 376 | 30.56% |
| Unrestricted | 6,375 | 8,778 | 7,262 | 7,486 | 13,637 | 16,264 | 19.26% |
| Total Net Position | 19,238 | 22,938 | 26,386 | 28,647 | 45,624 | 51,585 | 13.07% |

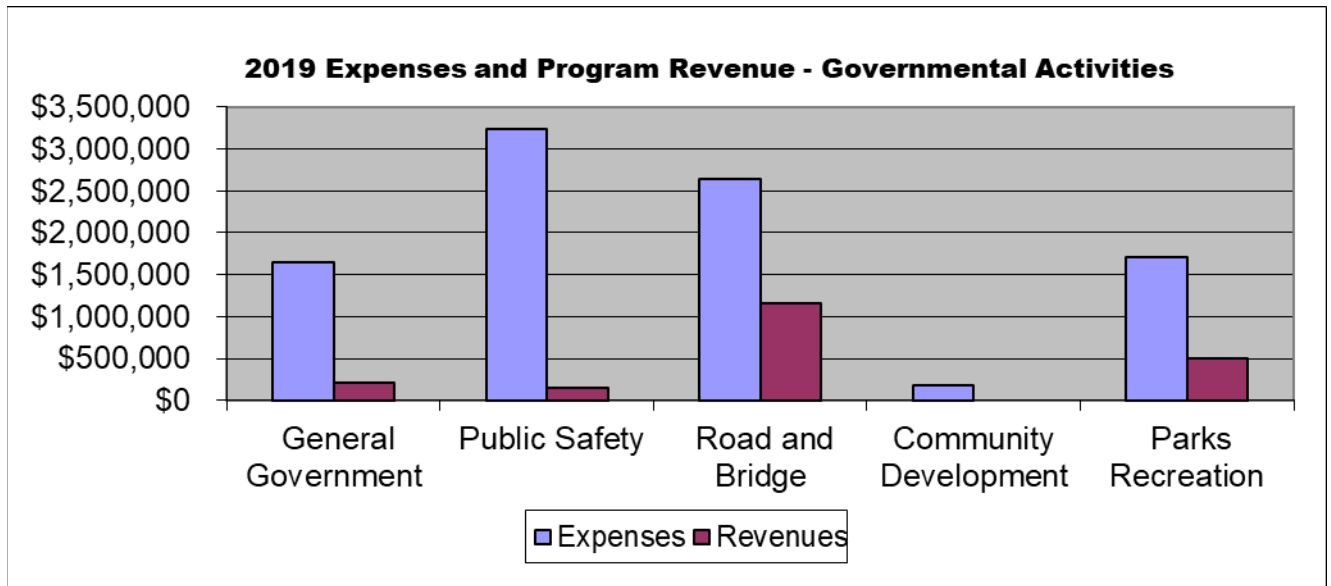
Sales taxes accounts for approximately 61% of all revenues for the governmental activities.

Figure 2



The program revenue for governmental activities offsets only a small share of the cost of services. The total cost of governmental activities increased by 1.9%. (See Figure 3.)

Figure 3



The City's governmental activities revenues increased by 19.4%. (See Figure 4.)

Figure 4
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | | Total % Change |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|----------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | 495 | 453 | 6,324 | 6,406 | 6,819 | 6,859 | 0.59% |
| Operating Grants & Contributions | 284 | 659 | 260 | 0 | 544 | 659 | 21.14% |
| Capital Grants & Contributions | 0 | 899 | 45 | 1,251 | 45 | 2,150 | 4677.78% |
| General Revenues | | | | | | | |
| Sales Taxes | 6,704 | 8,056 | 0 | 0 | 6,704 | 8,056 | 20.17% |
| Property Taxes | 1,335 | 1,330 | 0 | 0 | 1,335 | 1,330 | -0.37% |
| Other Taxes & Fees | 1,134 | 1,006 | 0 | 0 | 1,134 | 1,006 | -11.29% |
| Unrestricted investment earnings | 96 | 155 | 139 | 155 | 235 | 310 | 31.91% |
| Other | 932 | 553 | 126 | 127 | 1,058 | 680 | -35.73% |
| Total Revenues | 10,980 | 13,111 | 6,894 | 7,939 | 17,874 | 21,050 | 17.77% |
| Expenses | | | | | | | |
| General Government | 1,379 | 1,653 | 0 | 0 | 1,379 | 1,653 | 19.87% |
| Public Safety | 3,274 | 3,231 | 0 | 0 | 3,274 | 3,231 | -1.31% |
| Road & Bridge | 2,869 | 2,646 | 0 | 0 | 2,869 | 2,646 | -7.77% |
| Community Development | 171 | 173 | 0 | 0 | 171 | 173 | 1.17% |
| Parks & Recreation | 1,544 | 1,710 | 0 | 0 | 1,544 | 1,710 | 10.75% |
| Water | 0 | | 2,762 | 2,649 | 2,762 | 2,649 | -4.09% |
| Wastewater | 0 | | 1,570 | 1,572 | 1,570 | 1,572 | 0.13% |
| Solid Waste | 0 | | 1,370 | 1,456 | 1,370 | 1,456 | 6.28% |
| Total Expenses | 9,237 | 9,413 | 5,702 | 5,677 | 14,939 | 15,090 | 1.01% |
| Increase in net position | 1,743 | 3,698 | 1,192 | 2,262 | 2,935 | 5,960 | 103.07% |
| Net position - Beginning | 17,496 | 19,239 | 25,195 | 26,386 | 42,691 | 45,625 | 6.87% |
| Net Position - Ending | 19,239 | 22,937 | 26,387 | 28,648 | 45,626 | 51,585 | 13.06% |

The City's total revenues were \$21,049,588. Charges for services account for 32.6% of all revenues.

- **Governmental Activities.** Governmental activities increased the City's net position by \$3,699,490.
- **Business-type Activities.** Business-type activities increased the City's net position by \$2,261,629.

Figure 5

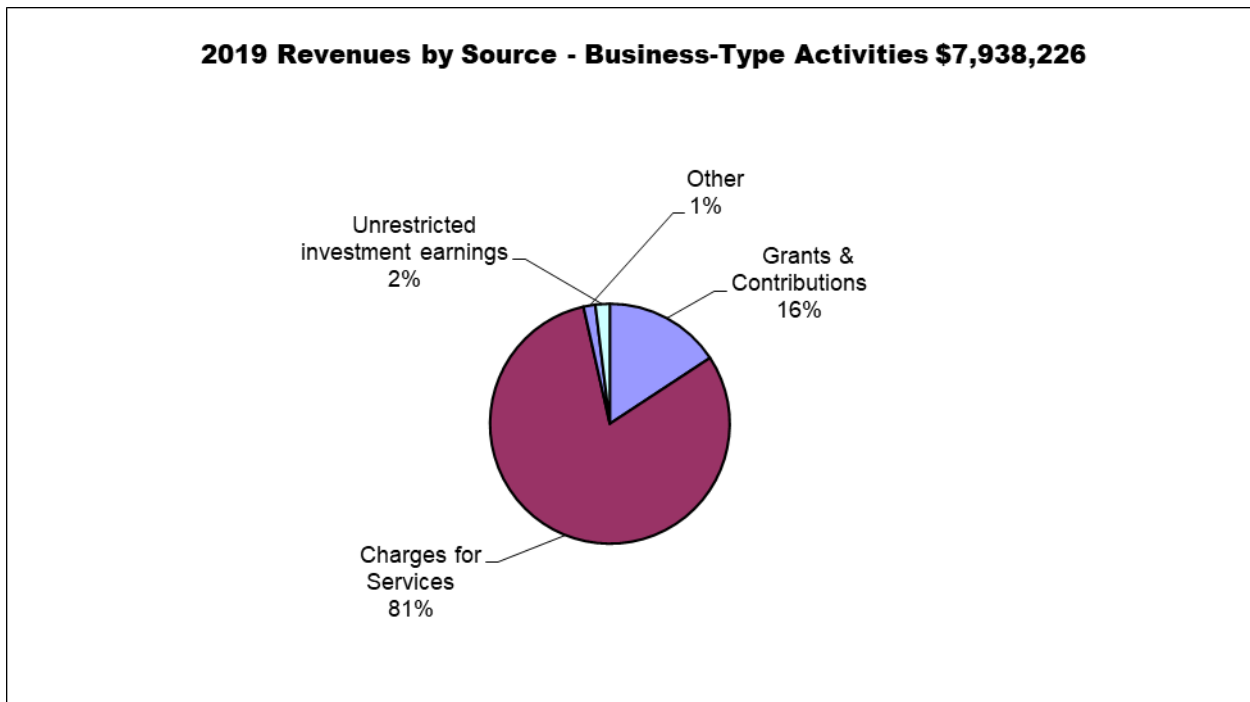
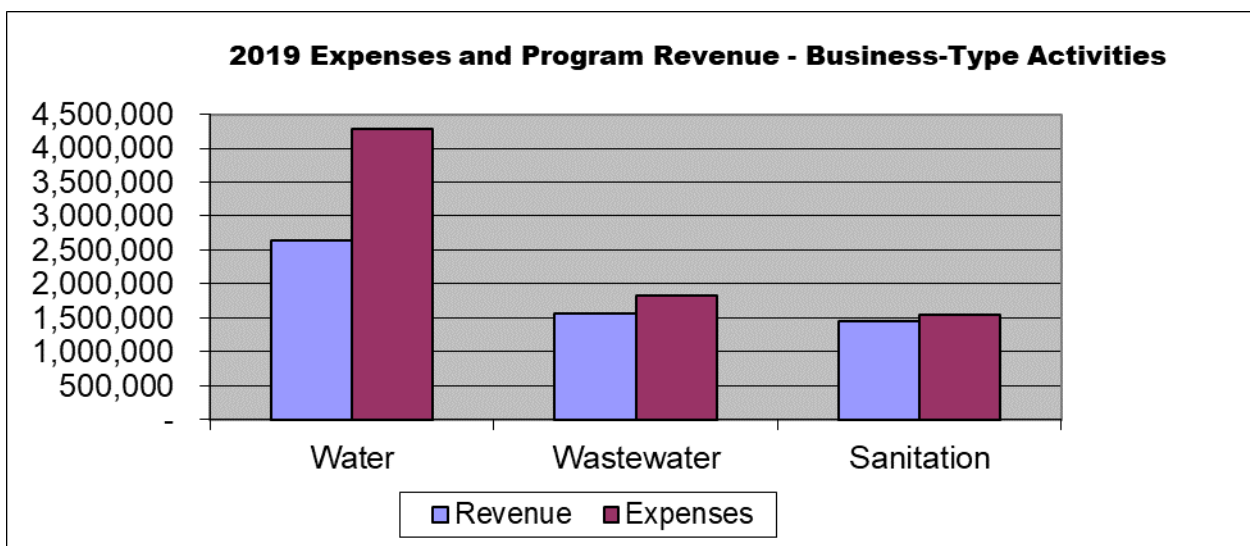


Figure 6



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted previously, 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$7,606,142, while the total fund balance equaled \$7,994,832.

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

Net Position of the Water, Wastewater and Solid Waste Fund at the end of the year amount to \$20,420,310, \$5,952,790 and \$2,491,493, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's Business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investments in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$38,164,839 (net of accumulated depreciation). The investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Figure 7
Capital Assets
(thousands)

| | Governmental Activities | | Business-type Activities | | Total | | Total % Change |
|------------------------------|----------------------------|----------|-----------------------------|----------|----------|----------|----------------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | |
| LAND | 1,310 | 1,310 | 1,719 | 1,719 | 3,029 | 3,029 | 0.00% |
| BUILDINGS/IMPROVEMENTS | 47,270 | 47,971 | 38,149 | 38,785 | 85,419 | 86,756 | 1.57% |
| MACHINERY AND EQUIPMENT | 6,731 | 7,073 | 4,928 | 4,957 | 11,659 | 12,030 | 3.18% |
| WORK IN PROGRESS | 156 | 1,273 | 285 | 2,144 | 441 | 3,417 | 0.00% |
| TOTALS AT HISTORICAL COST | 55,467 | 57,627 | 45,081 | 47,605 | 100,548 | 105,232 | 4.66% |
| TOTAL ACCUM. DEPRECIATION | (42,879) | (43,443) | (22,891) | (23,623) | (65,770) | (67,066) | 1.97% |
| NET CAPITAL ASSETS | 12,588 | 14,184 | 22,190 | 23,982 | 34,778 | 38,166 | 9.74% |

BUDGETARY HIGHLIGHTS

- In general, all anticipated revenues were realized and actual expenses being less than their budgets, resulted in better outcome than originally anticipated.

Long-Term Debt. Water Fund long-term debt increased due to plant and system updates to comply with State water quality regulations.

Figure 8
City of Craig
Outstanding Debt
(thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------|----------------------------|----------|-----------------------------|--------------|--------------|--------------|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| Note Payable - Revize | 12 | 7 | 0 | 0 | 12 | 7 |
| Series 2018 Bonds | 0 | 0 | 3,067 | 2,765 | 3,067 | 2,765 |
| Series 2019 Note Loan | 0 | 0 | 0 | 3,200 | 0 | 3,200 |
| | <u>12</u> | <u>7</u> | <u>3,067</u> | <u>5,965</u> | <u>3,079</u> | <u>5,972</u> |

ECONOMIC FACTORS

- The local economic climate continues to remain relatively flat in 2019.
- The sales tax increase provided a substantial increase in revenues in 2019.
- When budgeting for 2019, the City took into consideration the local economy thereby has been able to continue to provide the same level of services.

These and other factors were considered when the City prepared its 2020 budget.

Effects of COVID-19 on city's financial condition:

- Restrictions on or Closing of Businesses
- Stay-at-Home recommendation
- Work-at-Home recommendation
- Use of PPE and sanitizing of facilities

As a result of the effects of COVID-19, the City has seen a 9.4% increase in city sales tax collections for the first six months of 2020 and a 12.6% increase in county sales tax collections. This increase in sales tax collection is mostly a result of buying-locally because of the Stay-at-Home recommendation. Also, the collections from internet sales contributed to the total increase in collections.

CONTACTING THE DISTRICT'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, COLORADO
STATEMENT OF NET POSITION
December 31, 2019

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,429,814 | \$ 6,625,790 | \$ 14,055,604 |
| Restricted cash and cash equivalents | - | 3,200,000 | 3,200,000 |
| Receivables, net of allowance for doubtful accounts: | | | |
| Property tax | 1,427,089 | - | 1,427,089 |
| Accounts | 2,020,670 | 719,185 | 2,739,855 |
| Intergovernmental | - | 733,157 | 733,157 |
| Internal balances | 216,831 | (216,831) | - |
| Inventory | 12,690 | 344,213 | 356,903 |
| Capital assets not being depreciated | 2,582,706 | 3,862,815 | 6,445,521 |
| Capital assets, net of accumulated depreciation | 11,601,005 | 20,063,313 | 31,664,318 |
| Total assets | <u>25,290,805</u> | <u>35,331,642</u> | <u>60,622,447</u> |
| LIABILITIES | | | |
| Accounts payable | 338,492 | 493,702 | 832,194 |
| Accrued payroll | 187,091 | 87,278 | 274,369 |
| Accrued interest payable | - | 34,330 | 34,330 |
| Long-term liabilities: | | | |
| Due within one year | 136,100 | 358,192 | 494,292 |
| Due in more than one year | 263,674 | 5,710,378 | 5,974,052 |
| Total liabilities | <u>925,357</u> | <u>6,683,880</u> | <u>7,609,237</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue-property taxes | 1,427,089 | - | 1,427,089 |
| Total deferred inflows of resources | <u>1,427,089</u> | <u>-</u> | <u>1,427,089</u> |
| NET POSITION | | | |
| Net investment in capital assets | 13,783,937 | 21,161,307 | 34,945,244 |
| Restricted for TABOR | | | |
| Emergency reserves | 376,000 | - | 376,000 |
| Unrestricted | 8,778,422 | 7,486,455 | 16,264,877 |
| Total net position | <u>\$ 22,938,359</u> | <u>\$ 28,647,762</u> | <u>\$ 51,586,121</u> |

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

CITY OF CRAIG, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes to Net Position | | |
|---|----------------------|-------------------------------------|---|---|--|-------------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,652,726 | \$ 123,143 | \$ 80,496 | \$ - | \$ (1,449,087) | \$ - | \$ (1,449,087) |
| Public safety | 3,231,236 | 47,260 | 99,924 | - | (3,084,052) | - | (3,084,052) |
| Road and bridge | 2,645,683 | - | 375,673 | 782,116 | (1,487,894) | - | (1,487,894) |
| Community development | 172,589 | - | - | - | (172,589) | - | (172,589) |
| Parks and recreation | 1,709,638 | 282,299 | 102,567 | 117,383 | (1,207,389) | - | (1,207,389) |
| Total governmental activities | <u>9,411,872</u> | <u>452,702</u> | <u>658,660</u> | <u>899,499</u> | <u>(7,401,011)</u> | <u>-</u> | <u>(7,401,011)</u> |
| Business-type activities | | | | | | | |
| Water | 2,648,607 | 3,041,834 | - | 1,241,158 | - | 1,634,385 | 1,634,385 |
| Wastewater | 1,572,198 | 1,820,994 | - | 9,560 | - | 258,356 | 258,356 |
| Sanitation | 1,455,792 | 1,542,937 | - | - | - | 87,145 | 87,145 |
| Total business-type activities | <u>5,676,597</u> | <u>6,405,765</u> | <u>-</u> | <u>1,250,718</u> | <u>-</u> | <u>1,979,886</u> | <u>1,979,886</u> |
| | <u>\$ 15,088,469</u> | <u>\$ 6,858,467</u> | <u>\$ 658,660</u> | <u>\$ 2,150,217</u> | <u>(7,401,011)</u> | <u>1,979,886</u> | <u>(5,421,125)</u> |
| General revenues: | | | | | | | |
| Taxes | | | | | | | |
| Sales and use tax | | | | | 8,056,353 | - | 8,056,353 |
| Property tax, levied for general purposes | | | | | 1,330,379 | - | 1,330,379 |
| Specific ownership tax | | | | | 140,182 | - | 140,182 |
| Franchise tax | | | | | 300,735 | - | 300,735 |
| Severance tax | | | | | 476,440 | - | 476,440 |
| Other taxes | | | | | 88,314 | - | 88,314 |
| Mineral lease revenue | | | | | 508,443 | - | 508,443 |
| Investment earnings | | | | | 154,755 | 154,876 | 309,631 |
| Miscellaneous | | | | | 44,900 | 126,867 | 171,767 |
| Total general revenues | | | | | <u>11,100,501</u> | <u>281,743</u> | <u>11,382,244</u> |
| Change in net position | | | | | 3,699,490 | 2,261,629 | 5,961,119 |
| Net position - Beginning | | | | | <u>19,238,869</u> | <u>26,386,133</u> | <u>45,625,002</u> |
| Net position - Ending | | | | | <u>\$ 22,938,359</u> | <u>\$ 28,647,762</u> | <u>\$ 51,586,121</u> |

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

CITY OF CRAIG, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

| | <u>General</u> | <u>Capital Projects</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|----------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,848,088 | \$ 88 | \$ 124,228 | \$ 6,972,404 |
| Receivables, net | | | | |
| Property tax | 1,276,943 | 150,146 | - | 1,427,089 |
| Accounts | 1,237,287 | 783,358 | 25 | 2,020,670 |
| Due from other funds | 242,500 | - | - | 242,500 |
| Inventories | 12,690 | - | - | 12,690 |
| Total assets | <u>\$ 9,617,508</u> | <u>\$ 933,592</u> | <u>\$ 124,253</u> | <u>\$ 10,675,353</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 158,642 | \$ 170,973 | \$ 3,660 | \$ 333,275 |
| Accrued payroll | 187,091 | - | - | 187,091 |
| Due to other funds | - | 242,500 | - | 242,500 |
| Total liabilities | <u>345,733</u> | <u>413,473</u> | <u>3,660</u> | <u>762,866</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable property tax | 1,276,943 | 150,146 | - | 1,427,089 |
| Total deferred inflows of resources | <u>1,276,943</u> | <u>150,146</u> | <u>-</u> | <u>1,427,089</u> |
| FUND BALANCES | | | | |
| Nonspendable | 12,690 | - | - | 12,690 |
| Restricted for | | | | |
| TABOR emergency reserve | 376,000 | - | - | 376,000 |
| Assigned to | | | | |
| Public safety | - | - | 120,593 | 120,593 |
| Capital projects | - | 369,973 | - | 369,973 |
| Unassigned | 7,606,142 | - | - | 7,606,142 |
| Total fund balances | <u>7,994,832</u> | <u>369,973</u> | <u>120,593</u> | <u>8,485,398</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 9,617,508</u> | <u>\$ 933,592</u> | <u>\$ 124,253</u> | <u>\$ 10,675,353</u> |

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

CITY OF CRAIG, COLORADO
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
For the Year Ended December 31, 2019

| | | |
|---|----|-----------|
| Total Fund Balances of Governmental Funds | \$ | 8,485,398 |
|---|----|-----------|

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

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

| | | | |
|--------------------------|--------------|--|------------|
| Capital assets | 57,627,031 | | |
| Accumulated depreciation | (43,443,320) | | |
| | | | 14,183,711 |

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

| | | | |
|--|--|-----------|--|
| Compensated absences | | (392,674) | |
| Debt for the acquisition of fixed assets | | (7,100) | |

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.

| | | | |
|---|----|------------|--|
| | | 669,024 | |
| Net Position of Governmental Activities | \$ | 22,938,359 | |

CITY OF CRAIG, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

| | General | Capital Projects | Non-Major Funds | Total Governmental Funds |
|-----------------------------------|---------------------|-----------------------------|----------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 9,716,995 | \$ 154,891 | \$ - | \$ 9,871,886 |
| Licenses and permits | 123,143 | - | - | 123,143 |
| Intergovernmental revenue | 1,787,579 | 782,116 | 17,424 | 2,587,119 |
| Charges for services | 282,299 | - | - | 282,299 |
| Fines and forfeitures | 47,260 | - | - | 47,260 |
| Investment earnings | 141,593 | 10,167 | 2,995 | 154,755 |
| Miscellaneous | 44,004 | - | 896 | 44,900 |
| Total revenues | <u>12,142,873</u> | <u>947,174</u> | <u>21,315</u> | <u>13,111,362</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,649,598 | 2,070 | - | 1,651,668 |
| Judicial | 112,941 | - | - | 112,941 |
| Public safety | 3,027,779 | - | 82,305 | 3,110,084 |
| Road and bridge | 2,192,731 | - | - | 2,192,731 |
| Community development | 171,303 | - | - | 171,303 |
| Parks and recreation | 1,529,696 | - | - | 1,529,696 |
| Capital outlay | 1,054,816 | 1,235,062 | - | 2,289,878 |
| Total expenditures | <u>9,738,864</u> | <u>1,237,132</u> | <u>82,305</u> | <u>11,058,301</u> |
| NET CHANGE IN FUND BALANCE | 2,404,009 | (289,958) | (60,990) | 2,053,061 |
| FUND BALANCES - BEGINNING | <u>5,590,823</u> | <u>659,931</u> | <u>181,583</u> | <u>6,432,337</u> |
| FUND BALANCES - ENDING | <u>\$ 7,994,832</u> | <u>\$ 369,973</u> | <u>\$ 120,593</u> | <u>\$ 8,485,398</u> |

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

CITY OF CRAIG, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

| | |
|--|--------------|
| Net Changes in Fund Balances of Governmental Funds | \$ 2,053,061 |
|--|--------------|

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

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

| | | |
|------------------------|----------------|-----------|
| Capital outlay | 2,289,878 | |
| Depreciation expense | (686,402) | |
| Loss on asset disposal | <u>(7,325)</u> | |
| | | 1,596,151 |

| | |
|---|-------|
| Payments of debt principal are considered changes in long-term liabilities. These are the principal payments during the year. | 5,200 |
|---|-------|

| | |
|--|----------|
| Changes in accrued compensated absences are considered changes in long-term liabilities. This is the change in compensated absences during the year. | (16,588) |
|--|----------|

| | |
|---|---------------|
| 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. | <u>61,666</u> |
|---|---------------|

| | |
|---|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 3,699,490</u></u> |
|---|----------------------------|

CITY OF CRAIG, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 21, 2019

| | Enterprise Funds | | | | Internal Service Fund |
|--|------------------|--------------------|---------------------|----------------------|--------------------------|
| | Water Fund | Wastewater Fund | Solid Waste Fund | Total | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and Cash equivalents | \$ 3,075,638 | \$ 1,912,243 | \$ 1,637,909 | \$ 6,625,790 | \$ 457,410 |
| Restricted cash and cash equivalents | 3,200,000 | - | - | 3,200,000 | - |
| Receivables, net of allowance for doubtful accounts | 263,502 | 271,173 | 184,510 | 719,185 | - |
| Receivables, intergovernmental | 733,157 | - | - | 733,157 | - |
| Due from other funds | - | 2,390 | - | 2,390 | - |
| Inventory | 299,015 | 45,198 | - | 344,213 | - |
| Total current assets | 7,571,312 | 2,231,004 | 1,822,419 | 11,624,735 | 457,410 |
| Noncurrent assets | | | | | |
| Non-depreciable capital assets | 3,526,113 | 336,702 | - | 3,862,815 | - |
| Depreciable capital assets, net | 15,784,397 | 3,516,865 | 762,051 | 20,063,313 | - |
| Total noncurrent assets | 19,310,510 | 3,853,567 | 762,051 | 23,926,128 | - |
| Total Assets | 26,881,822 | 6,084,571 | 2,584,470 | 35,550,863 | 457,410 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 380,291 | 76,822 | 36,589 | 493,702 | 5,217 |
| Accrued payroll | 34,168 | 33,111 | 19,999 | 87,278 | - |
| Accrued interest payable | 34,330 | - | - | 34,330 | - |
| Due to other funds | 2,390 | - | - | 2,390 | - |
| Compensated absences | 45,512 | 21,848 | 36,389 | 103,749 | - |
| Notes payable | 323,592 | - | - | 323,592 | - |
| Total current liabilities | 820,283 | 131,781 | 92,977 | 1,045,041 | 5,217 |
| Noncurrent liabilities | | | | | |
| Notes payable | 5,641,229 | - | - | 5,641,229 | - |
| Total Liabilities | 6,461,512 | 131,781 | 92,977 | 6,686,270 | 5,217 |
| NET POSITION | | | | | |
| Net invested in capital assets | 16,545,689 | 3,853,567 | 762,051 | 21,161,307 | - |
| Unrestricted | 3,874,621 | 2,099,223 | 1,729,442 | 7,703,286 | 452,193 |
| Total Net Position | \$ 20,420,310 | \$ 5,952,790 | \$ 2,491,493 | \$ 28,864,593 | \$ 452,193 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | (216,831) | |
| Net Position of Business Type Activities | | | | <u>\$ 28,647,762</u> | |

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

CITY OF CRAIG, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

| | Enterprise Funds | | | | Internal |
|---|-------------------------|---------------------|---------------------|----------------------|---------------------|
| | Water | Wastewater | Solid Waste | Total | Service Fund |
| | Fund | Fund | Fund | | |
| Operating Revenues | | | | | |
| Charges for services | \$ 3,041,834 | \$ 1,820,994 | \$ 1,542,937 | \$ 6,405,765 | \$ 2,158,718 |
| Miscellaneous | 80,392 | 37 | 46,438 | 126,867 | - |
| Total Operating Revenues | <u>3,122,226</u> | <u>1,821,031</u> | <u>1,589,375</u> | <u>6,532,632</u> | <u>2,158,718</u> |
| Operating Expenses | | | | | |
| Salaries | 736,578 | 601,184 | 440,243 | 1,778,005 | - |
| Employee benefits | 373,943 | 281,918 | 227,745 | 883,606 | 37,031 |
| Depreciation | 604,561 | 229,785 | 122,642 | 956,988 | - |
| Repairs and maintenance | 320,708 | 186,542 | 59,912 | 567,162 | - |
| Utilities | 208,002 | 126,465 | 6,898 | 341,365 | - |
| Landfill fees | - | - | 421,737 | 421,737 | - |
| Chemicals | 136,760 | 20,589 | - | 157,349 | - |
| Insurance and bonds | 67,254 | 32,955 | 18,426 | 118,635 | 2,024,578 |
| Supplies | 39,753 | 25,840 | 134,519 | 200,112 | - |
| Other purchased services | 100,438 | 66,920 | 23,670 | 191,028 | - |
| Miscellaneous | - | - | - | - | 10,746 |
| Total Operating Expenses | <u>2,587,997</u> | <u>1,572,198</u> | <u>1,455,792</u> | <u>5,615,987</u> | <u>2,072,355</u> |
| Operating Income | <u>534,229</u> | <u>248,833</u> | <u>133,583</u> | <u>916,645</u> | <u>86,363</u> |
| Non-operating Revenues (Expenses) | | | | | |
| Investment earnings | 78,364 | 39,009 | 37,503 | 154,876 | 99 |
| Interest expense | (85,406) | - | - | (85,406) | - |
| Total Non-operating Revenues | <u>(7,042)</u> | <u>39,009</u> | <u>37,503</u> | <u>69,470</u> | <u>99</u> |
| Income Before Contributions and Transfers | 527,187 | 287,842 | 171,086 | 986,115 | 86,462 |
| Capital Contributions | <u>1,241,158</u> | <u>9,560</u> | <u>-</u> | <u>1,250,718</u> | <u>-</u> |
| Change in Net Position | <u>1,768,345</u> | <u>297,402</u> | <u>171,086</u> | <u>2,236,833</u> | <u>86,462</u> |
| Total Net Position - Beginning | <u>18,651,965</u> | <u>5,655,388</u> | <u>2,320,407</u> | <u>26,627,760</u> | <u>365,731</u> |
| Total Net Position - Ending | <u>\$ 20,420,310</u> | <u>\$ 5,952,790</u> | <u>\$ 2,491,493</u> | <u>\$ 28,864,593</u> | <u>\$ 452,193</u> |
| Change in Net Position of Enterprise Funds | | | | | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | \$ 2,236,833 | |
| | | | | <u>24,796</u> | |
| Change in Net Position of Business Type Activities | | | | <u>\$ 2,261,629</u> | |

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

CITY OF CRAIG, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

| | Enterprise Funds | | | | |
|--|-------------------------|----------------------------|-----------------------------|---------------------|----------------------------------|
| | Water Fund | Wastewater Fund | Solid Waste Fund | Total | Internal Service Fund |
| Cash Flows from Operating Activities | | | | | |
| Cash received from customers and others | \$ 3,071,758 | \$ 1,807,666 | \$ 1,533,548 | \$ 6,412,972 | \$ 2,190,554 |
| Cash paid for goods and services | (990,308) | (471,113) | (667,818) | (2,129,239) | (45,508) |
| Cash paid to employees | (1,107,513) | (896,835) | (665,068) | (2,669,416) | - |
| Other cash receipts | 79,109 | 37 | 46,438 | 125,584 | (2,025,964) |
| Other payments | - | - | - | - | (10,746) |
| Net Cash Provided by Operating Activities | 1,053,046 | 439,755 | 247,100 | 1,739,901 | 108,336 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Acquisition and construction of capital assets | (1,929,557) | (195,067) | (253,342) | (2,377,966) | - |
| Capital grants and contributions | 508,001 | 9,560 | - | 517,561 | - |
| Loan proceeds | 3,200,000 | - | - | 3,200,000 | - |
| Principal paid on capital debt | (301,835) | - | - | (301,835) | - |
| Interest paid on capital debt | (89,154) | - | - | (89,154) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activity | 1,387,455 | (185,507) | (253,342) | 948,606 | - |
| Cash Flows from Investing Activities | | | | | |
| Interest on investment | 78,364 | 39,009 | 37,503 | 154,876 | 99 |
| Net Cash Provided by Investing Activities | 78,364 | 39,009 | 37,503 | 154,876 | 99 |
| Net Change in Cash and Cash Equivalents | 2,518,865 | 293,257 | 31,261 | 2,843,383 | 108,435 |
| Cash and Cash Equivalents - Beginning | 3,756,773 | 1,618,986 | 1,606,648 | 6,982,407 | 348,975 |
| Cash and Cash Equivalents - Ending | \$ 6,275,638 | \$ 1,912,243 | \$ 1,637,909 | \$ 9,825,790 | \$ 457,410 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | | |
| Operating income | \$ 534,229 | \$ 248,833 | \$ 133,583 | \$ 916,645 | \$ 86,363 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | | |
| Depreciation | 604,561 | 229,785 | 122,642 | 956,988 | - |
| (Increase) decrease in accounts receivable | 28,641 | (97,634) | (9,389) | (78,382) | 31,836 |
| (Increase) in inventory | (2,103) | (46) | - | (2,149) | - |
| Increase (decrease) in accounts payable | (115,290) | 48,104 | (2,656) | (69,842) | (9,863) |
| Increase in accrued payroll | 4,297 | 11,149 | 1,611 | 17,057 | - |
| Increase (decrease) in compensated absences | (1,289) | (436) | 1,309 | (416) | - |
| Total Adjustments | 518,817 | 190,922 | 113,517 | 823,256 | 21,973 |
| Net Cash Provided by Operating Activities | \$ 1,053,046 | \$ 439,755 | \$ 247,100 | \$ 1,739,901 | \$ 108,336 |

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

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 City’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

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 unit (an entity for which the government is considered to be financially accountable).

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.

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 \$43,000 of funding for on-going airport operations for the year ended December 31, 2019. The Airport is included in the financial statements of Moffat County. At December 31, 2018, which is the date the latest information is available, the Airport fund’s fund balance was approximately 84% of expenditures.

Government-Wide and Fund Financial Statements

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City’s public safety, public works, and culture and recreation are classified as governmental activities. The City’s water, wastewater, and sanitation services are classified as business type activities.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements - In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts, net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (sales and property taxes, and other taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the effect of interfund activity has been removed from these statements.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and property taxes, investment earnings, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements - The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The City reports the following 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 ACET Fund accounts for the activities of ACET and the Criminal Justice Grant.

The Capital Projects Fund accounts for taxes set aside for construction or replacement of curbs, gutters and drainage on streets.

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

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

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

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

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The Internal Service Fund accounts for medical benefits provided to City employees.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Long-term Economic Focus and Accrual Basis - Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis - The government fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days after December 31). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Financial Statement Presentation - Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the 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.

Financial Statement Accounts

Cash and Cash Equivalents - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Accounts (Continued)

Investments – Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The City's investment in C-SAFE is carried at amortized cost. The City's investments in C-SAFE and COLOTRUST Plus+ are reported at net asset value (NAV).

Receivables – Receivables are reported net of an allowance for uncollectible accounts. As of December 31, 2019, the City had an allowance of \$6,670 in governmental activities and \$3,982 in business-type activities.

Property Taxes – Property taxes are assessed in one year as a lien on the property, but are not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unearned revenue.

Interfund Receivables and Payables – Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Balances are expected to be repaid within one year. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

Inventory – Inventories are recorded at average cost.

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 historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects are capitalized as projects are constructed.

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

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

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.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Accounts (Continued)

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.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflow of resources include property taxes earned but levied for a subsequent period.

Fund Balance – The City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by provider, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the City Council. Commitments are established by City Council resolution.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City requires restricted amounts to be spent first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy. However, the City's budget includes a calculation of a targeted reserve positions and management reports the targeted amounts annually to City Council.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

As required by Colorado Statutes and the Home Rule Charter, the City followed the required timetable noted below in preparing, approving, and enacting its budget.

For the 2019 budget year, prior to August 25 each year, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries.

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.

After adoption of the budget resolution, the City may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

The ACET Fund expenditures exceeded their approved appropriations for current year.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$376,000 which is the approximate required reserve at December 31, 2019.

On November 7, 2000, voters within the City approved the collection, retention and expenditure of all revenues and other funds collected during 2000 and each subsequent year without raising any additional taxes.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 3 - CASH AND INVESTMENTS

The City's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the City for \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA by pledging amounts at least equal to 102% of the uninsured deposits. The carrying amount of the City's demand deposits was \$875,214 at year end with a bank balance of \$1,693,980. Of the bank balance, \$250,000 was covered by FDIC insurance, \$1,369,773 was covered by the PDPA, and \$74,207 represented amounts collected by the City's credit card vendor that were uninsured and uncollateralized. In addition, \$3,200,000 of note proceeds were held by the Colorado Water Resources & Power Development Authority to be drawn on by the City as needed to cover costs of certain water projects.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - CASH AND INVESTMENTS Continued

The City's investment policy permits investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Local Government Investment Pools
- Money Market Mutual Funds
- Securities specifically approved by the City Council

Investment Pool represents investments in COLOTRUST Plus+ and C-SAFE. The Pools investment strategies focus on safety, liquidity, legality, and yield. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The fair value of the pool is determined by the pool's share price. The State Securities Commissioner administers and enforces all State statutes governing the pools. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. Neither pool has any unfunded commitments, redemption restricts or redemption notice periods. As of December 31, 2019, the City's investments in COLOTRUST Plus+ and C-SAFE were \$12,982,045 and \$187,967.

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. Because all of its investments are measured at NAV, the City has no investments required to be reported under the fair value hierarchy.

Interest Rate Risk – As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As of December 31, COLOTRUST Plus+ had a weighted average maturity of 47 days to reset and 69 days to final maturity. CSAFE had a weighted average maturity of 41.50 days to final maturity.

Credit Risk – State law and City policy limit investments to those authorized by State statutes including U.S. agencies and 2a7-like pools. The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The investments all carry a S&P Rating of AAAM.

Concentration of Credit Risk – The City diversifies its investments by security type and institution. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Colorado's PDPA requirement noted above mitigates concentration of credit risk.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 - CASH AND INVESTMENTS Continued

A reconciliation of deposits and investments to the financial statement captions is as follows:

Deposits and Investments

| | |
|----------------------|----------------------|
| Deposits | \$ 875,214 |
| Cash on hand | 10,378 |
| Investment pools | 13,170,012 |
| Funds held by others | 3,200,000 |
| | <u>\$ 17,255,604</u> |

| | <u>Cash</u> <u>Equivalents</u> | <u>Investments</u> | <u>Total</u> |
|--------------------|-----------------------------------|----------------------|----------------------|
| Governmental funds | \$ 514,425 | \$ 6,915,389 | \$ 7,429,814 |
| Proprietary funds | 371,167 | 6,254,623 | 6,625,790 |
| Restricted funds | <u>-</u> | <u>3,200,000</u> | <u>3,200,000</u> |
| Total | <u>\$ 885,592</u> | <u>\$ 16,370,012</u> | <u>\$ 17,255,604</u> |

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

| | <u>Balance</u> <u>1/1/2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>12/31/2019</u> |
|---|-----------------------------------|---------------------|--------------------|-------------------------------------|
| <u>Governmental Activities:</u> | | | | |
| <u>Capital assets not being</u> | | | | |
| <u>depreciated</u> | | | | |
| Land | \$ 1,309,762 | \$ - | \$ - | \$ 1,309,762 |
| Construction in progress | <u>155,608</u> | <u>1,183,896</u> | <u>(66,560)</u> | <u>1,272,944</u> |
| Total not being depreciated | <u>1,465,370</u> | <u>1,183,896</u> | <u>(66,560)</u> | <u>2,582,706</u> |
| <u>Capital assets being depreciated</u> | | | | |
| Infrastructure | 43,117,974 | 700,540 | - | 43,818,514 |
| Buildings and improvements | 4,152,592 | - | - | 4,152,592 |
| Vehicles and equipment | <u>6,730,715</u> | <u>472,002</u> | <u>(129,498)</u> | <u>7,073,219</u> |
| Total capital assets being depreciated | <u>54,001,281</u> | <u>1,172,542</u> | <u>(129,496)</u> | <u>55,044,325</u> |
| <u>Accumulated depreciation</u> | | | | |
| Infrastructure | (34,114,579) | (341,132) | - | (34,455,711) |
| Buildings and improvements | (2,782,884) | (120,630) | - | (2,903,514) |
| Vehicles and equipment | <u>(5,981,628)</u> | <u>(224,640)</u> | <u>122,173</u> | <u>(6,084,095)</u> |
| Total accumulated depreciation | <u>(42,879,091)</u> | <u>(686,402)</u> | <u>122,173</u> | <u>(43,443,320)</u> |
| Depreciable capital assets, net | <u>11,122,190</u> | <u>486,140</u> | <u>(7,325)</u> | <u>11,601,005</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$12,587,560</u> | <u>\$ 1,670,036</u> | <u>\$ (73,885)</u> | <u>\$ 14,183,711</u> |

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

| | <u>Balance</u> <u>1/1/2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>12/31/2019</u> |
|---|-----------------------------------|---------------------|-------------------|-------------------------------------|
| <u>Business-type Activities:</u> | | | | |
| <u>Capital assets not being depreciated</u> | | | | |
| Land | \$ 1,719,009 | \$ - | \$ - | \$ 1,719,009 |
| Construction in progress | <u>285,142</u> | <u>1,858,664</u> | <u>-</u> | <u>2,143,806</u> |
| Total not being depreciated | <u>2,004,151</u> | <u>1,858,664</u> | <u>-</u> | <u>3,862,815</u> |
| <u>Capital assets being depreciated</u> | | | | |
| Buildings and improvements | 38,149,105 | 580,747 | - | 38,729,852 |
| Vehicles and equipment | <u>4,928,005</u> | <u>253,342</u> | <u>224,561</u> | <u>4,956,786</u> |
| Total capital assets being depreciated | <u>43,077,110</u> | <u>834,089</u> | <u>224,561</u> | <u>43,686,638</u> |
| <u>Accumulated depreciation</u> | | | | |
| Buildings and improvements | (18,986,183) | (760,285) | - | (19,746,468) |
| Vehicles and equipment | <u>(3,904,715)</u> | <u>(196,703)</u> | <u>224,561</u> | <u>(3,876,857)</u> |
| Total accumulated depreciation | <u>(22,890,898)</u> | <u>(956,988)</u> | <u>224,561</u> | <u>(23,623,325)</u> |
| Depreciable capital assets, net | <u>20,186,212</u> | <u>(122,899)</u> | <u>-</u> | <u>20,063,313</u> |
| Business-type activities | | | | |
| Capital Assets, Net | <u>\$22,190,363</u> | <u>\$ 1,735,765</u> | <u>\$ -</u> | <u>\$23,926,128</u> |

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

| | |
|---|-------------------|
| Governmental activities | |
| General government | \$ 50,068 |
| Public safety | 14,020 |
| Road and bridge | 451,937 |
| Parks and recreation | <u>170,377</u> |
| Total depreciation expense government activities | <u>\$ 689,402</u> |
| Business-type activities | |
| Water | \$ 604,561 |
| Wastewater | 229,785 |
| Sanitation | <u>122,642</u> |
| Total depreciation expense Business-type activities | <u>\$ 956,988</u> |

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Business-type activities owed governmental activities \$216,831 as of December 31, 2019 as a result of internal service fund activity of the enterprise funds being consolidated into the governmental activities. As of December 31, 2019, the Water Fund owed the Wastewater Fund \$2,390 and the Capital Improvement Fund owed the General Fund \$242,500. The Capital Improvement Fund borrowed funds from the General Fund on a short-term basis to provide cash flow for ongoing projects.

NOTE 6 - LONG-TERM DEBT

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

| | <u>1/1/2019</u> | <u>Additions</u> | <u>Payments</u> | <u>Amount Due 12/31/2019</u> | <u>In One Year</u> |
|--------------------------------|---------------------|---------------------|-------------------|----------------------------------|--------------------|
| <u>Governmental Activities</u> | | | | | |
| Revize Loan | \$ 12,300 | \$ - | \$ 5,200 | \$ 7,100 | \$ 5,200 |
| Compensated absences | <u>376,086</u> | <u>262,425</u> | <u>245,837</u> | <u>392,674</u> | <u>130,900</u> |
| Total | <u>\$ 388,386</u> | <u>\$ 262,425</u> | <u>\$ 251,037</u> | <u>\$ 399,774</u> | <u>\$ 136,100</u> |
| <u>Business Activities</u> | | | | | |
| Water revenue refunding note | | | | | |
| Series 2018 | \$ 3,066,656 | \$ - | \$ 301,835 | \$ 2,764,821 | \$ 310,897 |
| Drinking water revolving loan | | | | | |
| note Series 2019 | - | 3,200,000 | - | 3,200,000 | 12,695 |
| Compensated absences | <u>104,165</u> | <u>83,505</u> | <u>83,921</u> | <u>103,749</u> | <u>34,600</u> |
| Total | <u>\$ 3,170,821</u> | <u>\$ 3,283,505</u> | <u>\$ 385,756</u> | <u>\$ 6,068,570</u> | <u>\$ 358,192</u> |

For the year ended December 31, 2019, the City paid \$85,406 in interest.

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.

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 an agreement with Revize, LLC for various web services and technological support. The agreement carries no interest and requires payment of \$5,200 in 2019, \$5,200 in 2020, and \$1,900 in 2021.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

Debt Service Requirements

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

| <u>Year Ending</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| 2020 | \$ 323,592 | \$ 81,426 | \$ 405,018 |
| 2021 | 476,243 | 86,500 | 562,743 |
| 2022 | 486,638 | 76,105 | 562,743 |
| 2023 | 497,326 | 65,417 | 562,743 |
| 2024 | 508,314 | 54,429 | 562,743 |
| 2025-2029 | 1,917,955 | 113,782 | 2,031,737 |
| 2030-2034 | 824,127 | 34,640 | 858,767 |
| 2035-2039 | 844,963 | 13,804 | 858,767 |
| 2040-2044 | 85,663 | 214 | 85,877 |
| | <u>\$ 5,964,821</u> | <u>\$ 526,317</u> | <u>\$ 6,491,138</u> |

Accrued Compensated Absences - Earned but unused vacation and sick benefits amounted to \$392,674 in governmental activities and \$103,749 in business-type activities as of December 31, 2019. The General Fund is used to pay compensated absences of the Governmental Funds.

NOTE 7 - 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 - 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 ICMA 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, 2019 were \$682,581 for the City and \$341,290 for the employees. The plan vests at a rate of 20% per year and is fully vested after five years. As of December 31, 2019, the plan had 50 employees fully vested and 35 non-vested employees. City Council has the authority to establish and amend the benefit terms and contributing rates. Unvested City contributions for employees who leave employment before five years are used to reduce the City's current period contribution requirement.

No forfeitures were used to reduce the City's contributions in 2019. The current balance in the forfeiture account is \$188,519.

NOTE 8 - COMMITMENT AND CONTINGENCIES

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.

The City currently has engineering and construction contracts for water system improvements and sidewalk improvements totaling \$4.1 million. At December 31, 2019, \$1.7 million remains unexpended.

NOTE 9 - 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.

NOTE 10 - INTERGOVERNMENTAL AGREEMENT

On October 21, 2014, the City entered into an agreement with the Colorado River Water Conservation District (CRWCD). The agreement specifies the allocation of expenses for the operation, maintenance, repair and replacement of Elkhead Reservoir. Recreation facility and management expenses at Elkhead Reservoir shall be allocated 50% to the City and 50% to CRWCD. All other operation, maintenance, repair and replacement costs shall be allocated 51.75% to the City and 48.25% to CRWCD. The City received reimbursement of 2019 operating expenses of \$40,486.

CITY OF CRAIG
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 –RELATED PARTY TRANSACTIONS

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

NOTE 12 –CASH FLOW INFORMATION

The water fund cash flows from capital and related financing activities' acquisition and construction of capital assets has been reduced by \$314,787 for costs which were included in accounts payable as of December 31, 2019.

NOTE 13 –CORONAVIRUS PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. At the current time, the economic fallout of the COVID-19 pandemic crisis is still largely unknown. The City has been notified by Moffat County that \$446,688 of the Coronavirus Relief Fund, established by the federal CARES Act to provide state, local, and tribal governments resources to navigate the impact of the COVID-19 outbreak is available for its use. The City anticipates using these funds to provide grants to businesses affected by the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|----------------------------------|----------------------|----------------------|----------------------|--|----------------------|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| REVENUES | | | | | |
| Taxes | | | | | |
| General property taxes | \$ 1,194,175 | \$ 1,194,175 | \$ 1,190,247 | \$ (3,928) | \$ 1,192,949 |
| Specific ownership taxes | 100,000 | 100,000 | 125,423 | 25,423 | 111,045 |
| Sales tax | 7,616,500 | 7,616,500 | 8,056,353 | 439,853 | 6,704,058 |
| Franchise tax | 295,000 | 295,000 | 300,735 | 5,735 | 296,314 |
| Interest and penalties | - | - | 27,360 | 27,360 | 25,611 |
| Cigarette taxes | 20,000 | 20,000 | 16,877 | (3,123) | 16,368 |
| Total taxes | <u>9,225,675</u> | <u>9,225,675</u> | <u>9,716,995</u> | <u>491,320</u> | <u>8,346,345</u> |
| Licenses and permits | | | | | |
| Building permits | 90,000 | 90,000 | 104,717 | 14,717 | 138,390 |
| Miscellaneous | 10,100 | 10,100 | 18,426 | 8,326 | 25,848 |
| Total licenses and permits | <u>100,100</u> | <u>100,100</u> | <u>123,143</u> | <u>23,043</u> | <u>164,238</u> |
| Intergovernmental revenues | | | | | |
| Highway user taxes | 304,770 | 304,770 | 375,673 | 70,903 | 401,401 |
| Motor vehicle tax | 45,000 | 45,000 | 44,077 | (923) | 32,258 |
| State grants | 228,200 | 228,200 | 272,879 | 44,679 | 261,540 |
| Mineral lease | 150,000 | 150,000 | 508,443 | 358,443 | 299,664 |
| Severance tax | 120,000 | 120,000 | 476,440 | 356,440 | 238,620 |
| State lottery | 85,000 | 85,000 | 102,567 | 17,567 | 90,338 |
| Public safety grants | - | 27,890 | 7,500 | (20,390) | - |
| Total intergovernmental revenues | <u>932,970</u> | <u>960,860</u> | <u>1,787,579</u> | <u>826,719</u> | <u>1,323,821</u> |
| Charges for services | | | | | |
| Recreation program fees | 161,590 | 161,590 | 162,917 | 1,327 | 168,072 |
| Swimming pool fees | 113,100 | 113,100 | 114,476 | 1,376 | 121,317 |
| Concessions | - | - | 4,906 | 4,906 | 542 |
| Total charges for services | <u>274,690</u> | <u>274,690</u> | <u>282,299</u> | <u>7,609</u> | <u>289,931</u> |
| Fines and forfeitures | 60,500 | 60,500 | 47,260 | (13,240) | 41,164 |
| Investment Earnings | 65,100 | 65,100 | 141,593 | 76,493 | 84,007 |
| Miscellaneous | | | | | |
| Rents and royalties | 23,000 | 23,000 | 23,587 | 587 | 23,273 |
| Miscellaneous | 15,000 | 15,000 | 20,417 | 5,417 | 98,987 |
| Total Miscellaneous | <u>38,000</u> | <u>38,000</u> | <u>44,004</u> | <u>6,004</u> | <u>122,260</u> |
| Total Revenues | <u>\$ 10,697,035</u> | <u>\$ 10,724,925</u> | <u>\$ 12,142,873</u> | <u>\$ 1,417,948</u> | <u>\$ 10,371,766</u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|----------------------|----------------------|---------------------|---|---------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Actual |
| EXPENDITURES | | | | | |
| General government | | | | | |
| City council | \$ 228,630 | \$ 228,630 | \$ 448,156 | \$ (219,526) | \$ 197,602 |
| Administration | 300,415 | 300,415 | 256,600 | 43,815 | 353,964 |
| Engineering | 97,015 | 137,015 | 130,196 | 6,819 | 91,129 |
| Finances | 417,540 | 417,540 | 409,286 | 8,254 | 299,033 |
| Clerk and personnel | 224,120 | 224,120 | 236,094 | (11,974) | 238,159 |
| Building maintenance | 82,070 | 82,070 | 55,981 | 26,089 | 50,275 |
| City attorney | 120,000 | 120,000 | 113,285 | 6,715 | 101,196 |
| Total general government | <u>1,469,790</u> | <u>1,509,790</u> | <u>1,649,598</u> | <u>(139,808)</u> | <u>1,331,358</u> |
| Judicial | | | | | |
| Municipal | <u>113,120</u> | <u>113,120</u> | <u>112,941</u> | <u>179</u> | <u>90,223</u> |
| Total judicial | <u>113,120</u> | <u>113,120</u> | <u>112,941</u> | <u>179</u> | <u>90,223</u> |
| Public safety | | | | | |
| Police | <u>3,216,425</u> | <u>3,220,890</u> | <u>3,027,779</u> | <u>193,111</u> | <u>3,115,912</u> |
| Total public safety | <u>3,216,425</u> | <u>3,220,890</u> | <u>3,027,779</u> | <u>193,111</u> | <u>3,115,912</u> |
| Road and bridge | <u>2,306,770</u> | <u>2,306,770</u> | <u>2,192,731</u> | <u>114,039</u> | <u>2,189,160</u> |
| Community Development | <u>171,055</u> | <u>171,055</u> | <u>171,303</u> | <u>(248)</u> | <u>142,393</u> |
| Parks and Recreation | | | | | |
| General operations | 931,945 | 931,945 | 896,410 | 35,535 | 805,335 |
| Pool complex | 382,120 | 382,120 | 329,325 | 52,795 | 311,410 |
| Center of Craig | 30,200 | 30,200 | 21,058 | 9,142 | 19,703 |
| Recreation programs | <u>312,205</u> | <u>313,905</u> | <u>279,129</u> | <u>34,776</u> | <u>266,520</u> |
| Total parks and recreation | <u>1,656,470</u> | <u>1,658,170</u> | <u>1,525,922</u> | <u>132,248</u> | <u>1,402,968</u> |
| Capital outlay | <u>1,364,550</u> | <u>1,721,845</u> | <u>1,058,590</u> | <u>663,255</u> | <u>1,019,572</u> |
| Total Expenditures | <u>\$ 10,298,180</u> | <u>\$ 10,701,640</u> | <u>\$ 9,738,864</u> | <u>\$ 962,776</u> | <u>\$ 9,291,586</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (236,825)</u> |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (236,825)</u> |

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

SUPPLEMENTARY INFORMATION

CITY OF CRAIG, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

| | <u>ACET</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-------------------|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 124,228 | \$ 124,228 |
| Receivables, net | | |
| Accounts | 25 | 25 |
| Total assets | <u>\$ 124,253</u> | <u>\$ 124,253</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | <u>\$ 3,660</u> | <u>\$ 3,660</u> |
| Total liabilities | <u>3,660</u> | <u>3,660</u> |
| FUND BALANCES | | |
| Assigned to | | |
| Public safety | <u>120,593</u> | <u>120,593</u> |
| Total fund balances | <u>120,593</u> | <u>120,593</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 124,253</u> | <u>\$ 124,253</u> |

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

CITY OF CRAIG, COLORADO
BUDGETING SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

| | ACET | Total Nonmajor Governmental Funds |
|--------------------------------|--------------------------|--|
| Revenues | | |
| Grants | \$ 17,424 | \$ 17,424 |
| Investment earnings | 2,995 | 2,995 |
| Miscellaneous | 896 | 896 |
| Total revenues | <u>21,315</u> | <u>21,315</u> |
| Expenditures | | |
| Public Safety | <u>82,305</u> | <u>82,305</u> |
| Total expenditures | <u>82,305</u> | <u>82,305</u> |
| Net change in fund balance | (60,990) | (60,990) |
| Fund Balances - Beginning | 181,583 | 181,583 |
| Fund Balances - Ending | <u><u>\$ 120,593</u></u> | <u><u>\$ 120,593</u></u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ACET FUND

For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | 2018 |
|----------------------------|--|--------------------------|--|--------------------------|
| | Original and Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 18,700 | \$ 17,424 | \$ (1,276) | \$ 19,518 |
| Investment earnings | 2,500 | 2,995 | 495 | 3,397 |
| Miscellaneous | 500 | 896 | 396 | 12,147 |
| Total revenues | <u>21,700</u> | <u>21,315</u> | <u>(385)</u> | <u>35,062</u> |
| Expenditures | | | | |
| Public safety | <u>74,290</u> | <u>82,305</u> | <u>(8,015)</u> | <u>43,464</u> |
| Total expenditures | <u>74,290</u> | <u>82,305</u> | <u>(8,015)</u> | <u>43,464</u> |
| Net change in fund balance | <u><u>\$ (52,590)</u></u> | <u>(60,990)</u> | <u><u>\$ (8,400)</u></u> | <u>(8,402)</u> |
| Fund Balances - Beginning | | 181,583 | | 189,985 |
| Fund Balances - Ending | | <u><u>\$ 120,593</u></u> | | <u><u>\$ 181,583</u></u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|---|----------------------------|-------------------------|-------------------|--|-------------------|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Property taxes | \$ 140,565 | \$ 140,565 | \$ 140,132 | \$ (433) | \$ 142,108 |
| Specific ownership taxes | 8,000 | 8,000 | 14,759 | 6,759 | 11,894 |
| Intergovernmental | 930,000 | 930,000 | 782,116 | (147,884) | 173,900 |
| Investment earnings | 2,000 | 2,000 | 10,167 | 8,167 | 8,329 |
| Total revenues | <u>1,080,565</u> | <u>1,080,565</u> | <u>947,174</u> | <u>(133,391)</u> | <u>336,231</u> |
| Expenditures | | | | | |
| Treasurer's fees | 2,800 | 2,800 | 2,070 | 730 | 2,813 |
| Capital outlay | <u>1,080,000</u> | <u>1,492,825</u> | <u>1,235,062</u> | <u>257,763</u> | <u>364,776</u> |
| Total expenditures | <u>1,082,800</u> | <u>1,495,625</u> | <u>1,237,132</u> | <u>258,493</u> | <u>367,589</u> |
| Excess (deficiency) of revenues over over expenditures | (2,235) | (415,060) | (289,958) | 125,102 | (31,358) |
| Other financing sources (uses) | | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>236,825</u> |
| Net change in fund balance | <u>\$ (2,235)</u> | <u>\$ (415,060)</u> | (289,958) | <u>\$ 125,102</u> | 205,467 |
| Fund Balances - Beginning | | | <u>659,931</u> | | <u>454,464</u> |
| Fund Balances - Ending | | | <u>\$ 369,973</u> | | <u>\$ 659,931</u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS
WATER FUND

For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|----------------------------|-------------------------|----------------------|--|----------------------|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Charges for services | \$ 3,163,400 | \$ 3,163,400 | \$ 3,041,834 | \$ (121,566) | \$ 3,151,972 |
| Meter sales | 1,000 | 1,000 | 1,283 | 283 | 3,405 |
| Tap fees | - | - | 52,450 | 52,450 | 31,000 |
| Investment earnings | 20,000 | 20,000 | 78,364 | 58,364 | 72,867 |
| Intergovernmental | 1,000,000 | 1,000,000 | 1,188,708 | 188,708 | 260,000 |
| Miscellaneous | 45,000 | 45,000 | 79,109 | 34,109 | 69,445 |
| Debt proceeds | 3,200,000 | 3,200,000 | 3,200,000 | - | - |
| Total revenues | <u>7,429,400</u> | <u>7,429,400</u> | <u>7,641,748</u> | <u>212,348</u> | <u>3,588,689</u> |
| Expenditures | | | | | |
| Salaries | 703,200 | 703,200 | 736,578 | (33,378) | 693,285 |
| Employee benefits | 383,120 | 383,120 | 373,943 | 9,177 | 357,464 |
| Repairs and maintenance | 480,500 | 525,500 | 320,708 | 204,792 | 390,586 |
| Utilities | 243,250 | 243,250 | 208,002 | 35,248 | 211,636 |
| Chemicals | 155,000 | 155,000 | 136,760 | 18,240 | 132,344 |
| Insurance and bonds | 64,350 | 64,350 | 67,254 | (2,904) | 59,138 |
| Supplies | 32,650 | 32,650 | 39,753 | (7,103) | 44,701 |
| Other purchased services | 150,750 | 150,750 | 100,438 | 50,312 | 157,792 |
| Capital outlay | 5,250,000 | 6,229,000 | 2,244,344 | 3,984,656 | 870,269 |
| Interest expense | 89,160 | 89,160 | 85,406 | 3,754 | 119,762 |
| Lease fees | - | - | - | - | 59,726 |
| Debt principal | 301,840 | 301,840 | 301,835 | 5 | 230,340 |
| Total expenditures | <u>7,853,820</u> | <u>8,877,820</u> | <u>4,615,021</u> | <u>4,262,799</u> | <u>3,327,043</u> |
| Change in net position - budget basis | <u>\$ (424,420)</u> | <u>\$ (1,448,420)</u> | 3,026,727 | <u>\$ 4,475,147</u> | 261,646 |
| Reconciliation to GAAP basis | | | | | |
| Bond proceeds | | | (3,200,000) | | |
| Depreciation | | | (604,561) | | (553,970) |
| Debt principal | | | 301,835 | | 230,340 |
| Capital outlay | | | 2,244,344 | | 870,269 |
| Change in net position - GAAP basis | | | <u>1,768,345</u> | | <u>808,285</u> |
| Net Position - Beginning | | | <u>18,651,965</u> | | <u>17,843,680</u> |
| Net Position - Ending | | | <u>\$ 20,420,310</u> | | <u>\$ 18,651,965</u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS
WASTEWATER FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|--------------------|-----------------|--------------|--|--------------|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Charges for services | \$ 1,836,750 | \$ 1,836,750 | \$ 1,820,994 | \$ (15,756) | \$ 1,753,396 |
| Tap fees | - | - | 9,560 | 9,560 | 14,340 |
| Intergovernmental grants | 200,000 | 200,000 | - | (200,000) | - |
| Investment earnings | 15,000 | 15,000 | 39,009 | 24,009 | 30,262 |
| Miscellaneous | 9,000 | 9,000 | 37 | (8,963) | 33,423 |
| Total revenues | 2,060,750 | 2,060,750 | 1,869,600 | (191,150) | 1,831,421 |
| Expenditures | | | | | |
| Salaries | 514,940 | 514,940 | 601,184 | (86,244) | 552,020 |
| Employee benefits | 248,190 | 248,190 | 281,918 | (33,728) | 253,294 |
| Repairs and maintenance | 333,500 | 338,500 | 186,542 | 151,958 | 222,171 |
| Utilities | 134,000 | 134,000 | 126,465 | 7,535 | 141,799 |
| Chemicals | 29,500 | 29,500 | 20,589 | 8,911 | 12,321 |
| Insurance and bonds | 29,025 | 29,025 | 32,955 | (3,930) | 28,211 |
| Supplies | 31,750 | 31,750 | 25,840 | 5,910 | 29,337 |
| Other purchased services | 95,200 | 95,200 | 66,920 | 28,280 | 97,056 |
| Capital outlay | 505,000 | 745,400 | 195,067 | 550,333 | 41,495 |
| Total expenditures | 1,921,105 | 2,166,505 | 1,537,480 | 629,025 | 1,377,704 |
| Change in net position - budget basis | \$ 139,645 | \$ (105,755) | 332,120 | \$ 437,875 | 453,717 |
| Reconciliation to GAAP basis | | | | | |
| Depreciation | | | (229,785) | | (233,748) |
| Capital outlay | | | 195,067 | | 41,495 |
| Change in net position - GAAP basis | | | 297,402 | | 261,464 |
| Net Position - Beginning | | | 5,655,388 | | 5,393,924 |
| Net Position - Ending | | | \$ 5,952,790 | | \$ 5,655,388 |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS
SOLID WASTE FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | | 2018 |
|---------------------------------------|--------------------|-----------------|--------------|--|--------------|
| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Charges for services | \$ 1,481,900 | \$ 1,481,900 | \$ 1,542,937 | \$ 61,037 | \$ 1,418,065 |
| Miscellaneous revenue | 10,000 | 10,000 | 46,438 | 36,438 | 19,758 |
| Interest income | - | - | 37,503 | 37,503 | 35,870 |
| Total revenues | 1,491,900 | 1,491,900 | 1,626,878 | 134,978 | 1,473,693 |
| Expenditures | | | | | |
| Salaries | 441,950 | 441,950 | 440,243 | 1,707 | 439,719 |
| Employee benefits | 236,150 | 236,150 | 227,745 | 8,405 | 223,421 |
| Repairs and maintenance | 59,150 | 59,150 | 59,912 | (762) | 36,254 |
| Utilities | 7,700 | 7,700 | 6,898 | 802 | 6,327 |
| Landfill fees | 405,000 | 405,000 | 421,737 | (16,737) | 359,899 |
| Insurance and bonds | 19,800 | 19,800 | 18,426 | 1,374 | 19,889 |
| Supplies | 115,550 | 115,550 | 134,519 | (18,969) | 126,618 |
| Other purchased services | 38,750 | 38,750 | 23,670 | 15,080 | 23,935 |
| Miscellaneous | - | - | - | - | 3,982 |
| Capital outlay | 339,000 | 339,000 | 253,342 | 85,658 | - |
| Total expenditures | 1,663,050 | 1,663,050 | 1,586,492 | 76,558 | 1,240,044 |
| Change in net position - budget basis | \$ (171,150) | \$ (171,150) | 40,386 | \$ 211,536 | 233,649 |
| Reconciliation to GAAP basis | | | | | |
| Depreciation | | | (122,642) | | (130,543) |
| Capital outlay | | | 253,342 | | - |
| Change in net position - GAAP basis | | | 171,086 | | 103,106 |
| Net Position - Beginning | | | 2,320,407 | | 2,217,301 |
| Net Position - Ending | | | \$ 2,491,493 | | \$ 2,320,407 |

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

CITY OF CRAIG, COLORADO
COMPARATIVE STATEMENT OF NET POSITION
INTERNAL SERVICES - MEDICAL BENEFIT FUND
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|------------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 457,410 | \$ 348,975 |
| Receivables | <u>-</u> | <u>31,836</u> |
| Total Assets | <u>457,410</u> | <u>380,811</u> |
| Liabilities and Net Position | | |
| Liabilities | | |
| Accounts payable | <u>5,217</u> | <u>15,080</u> |
| Total Liabilities | <u>5,217</u> | <u>15,080</u> |
| Net position | | |
| Unrestricted | <u>\$ 452,193</u> | <u>\$ 365,731</u> |

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

CITY OF CRAIG, COLORADO
SCHEDULE OF REVENUES , EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
INTERNAL SERVICES - MEDICAL BENEFIT FUND
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for 2018)

| | 2019 | | | 2018 |
|------------------------------|--|-------------------|--|-------------------|
| | Original and Final Budget | Actual | Final Budget Variance Positive (Negative) | Actual |
| Operating revenues | | | | |
| Charges for services | \$ 2,269,420 | \$ 2,158,718 | \$ (110,702) | \$ 2,047,555 |
| Other | - | - | - | 31,836 |
| Total revenues | <u>2,269,420</u> | <u>2,158,718</u> | <u>(110,702)</u> | <u>2,079,391</u> |
| Operating expenses | | | | |
| Insurance premiums | 2,180,750 | 2,024,578 | 156,172 | 1,974,959 |
| Claims incurred | 63,000 | 35,645 | 27,355 | 35,045 |
| Administrative fees | 7,000 | 1,386 | 5,614 | 4,010 |
| Miscellaneous expenditures | 19,000 | 10,746 | 8,254 | - |
| Total operating expenses | <u>2,269,750</u> | <u>2,072,355</u> | <u>197,395</u> | <u>2,014,014</u> |
| Operating income | <u>(330)</u> | <u>86,363</u> | <u>86,693</u> | <u>65,377</u> |
| Non-operating revenues | | | | |
| Investment earnings | - | 99 | 99 | 71 |
| Total non-operating revenues | <u>-</u> | <u>99</u> | <u>99</u> | <u>71</u> |
| Change in net position | <u>\$ (330)</u> | <u>86,462</u> | <u>\$ 86,792</u> | <u>65,448</u> |
| Net Position - Beginning | | 365,731 | | 300,283 |
| Net Position -Ending | | <u>\$ 452,193</u> | | <u>\$ 365,731</u> |

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

CITY OF CRAIG, COLORADO
STATEMENT OF CASH FLOWS
INTERNAL SERVICES - MEDICAL BENEFIT FUND
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from users | \$ 2,190,554 | \$ 2,047,555 |
| Cash paid on claims | (45,508) | (19,965) |
| Cash paid for premiums and administration | (2,025,964) | (1,978,969) |
| Other payments | (10,746) | - |
| Net Cash Provided by Operating Activities | <u>108,336</u> | <u>48,621</u> |
| Cash Flows from Investing Activities | | |
| Interest received | 99 | 71 |
| Net Cash Provided by Investing Activities | <u>99</u> | <u>71</u> |
| Net change in cash and cash equivalents | 108,435 | 48,692 |
| Cash and Cash Equivalents - Beginning | <u>348,975</u> | <u>300,283</u> |
| Cash and Cash Equivalents - Ending | <u><u>\$ 457,410</u></u> | <u><u>\$ 348,975</u></u> |
| Reconciliation of Operating Income to | | |
| Net Cash Provided by Operating Activities | | |
| Operating income | \$ 86,363 | \$ 65,377 |
| Change in accounts receivable | 31,836 | (31,836) |
| Change in accounts payable | (9,863) | 15,080 |
| Net Cash Provided by Operating Activities | <u><u>\$ 108,336</u></u> | <u><u>\$ 48,621</u></u> |

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

OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE

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

| | | |
|--|------------------------|---------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | | City or County: |
| | | YEAR ENDING : December 2019 |
| This Information From The Records of CITY OF CRAIG | Prepared By: Phone: | Bruce M. Nelson 970-826-2007 |

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

| ITEM | AMOUNT |
|---|-----------|
| A. Receipts from local sources: | |
| 1. Local highway-user taxes | |
| a. Motor Fuel (from Item I.A.5.) | |
| b. Motor Vehicle (from Item I.B.5.) | |
| c. Total (a.+b.) | |
| 2. General fund appropriations | 2,851,236 |
| 3. Other local imposts (from page 2) | 280,314 |
| 4. Miscellaneous local receipts (from page 2) | 10,167 |
| 5. Transfers from toll facilities | |
| 6. Proceeds of sale of bonds and notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| d. Total (a. + b. + c.) | 0 |
| 7. Total (1 through 6) | 3,141,717 |
| B. Private Contributions | |
| C. Receipts from State government (from page 2) | 481,530 |
| D. Receipts from Federal Government (from page 2) | 556,015 |
| E. Total receipts (A.7 + B + C + D) | 4,179,262 |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|-----------|
| A. Local highway disbursements: | |
| 1. Capital outlay (from page 2) | 2,254,122 |
| 2. Maintenance: | 1,900,751 |
| 3. Road and street services: | |
| a. Traffic control operations | 19,521 |
| b. Snow and ice removal | 4,868 |
| c. Other | |
| d. Total (a. through c.) | 24,389 |
| 4. General administration & miscellaneous | |
| 5. Highway law enforcement and safety | |
| 6. Total (1 through 5) | 4,179,262 |
| B. Debt service on local obligations: | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a. + b.) | 0 |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a. + b.) | 0 |
| 3. Total (1.c + 2.c) | 0 |
| C. Payments to State for highways | |
| D. Payments to toll facilities | |
| E. Total disbursements (A.6 + B.3 + C + D) | 4,179,262 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 4,179,262 | 4,179,262 | | 0 |

Notes and Comments:

| | | | |
|------------------------------|--|---------------------------------------|--|
| LOCAL HIGHWAY FINANCE REPORT | | STATE: Colorado | |
| | | YEAR ENDING (mm/yy): December 2019 | |

| II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
|--|---------|---|--------|
| ITEM | AMOUNT | ITEM | AMOUNT |
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | 140,132 | a. Interest on investments | 10,167 |
| 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 | 140,182 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 140,182 | h. Other | |
| c. Total (a. + b.) | 280,314 | i. Total (a. through h.) | 10,167 |
| (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 | 375,673 | 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 | 44,077 | d. Federal Transit Admin | |
| d. Other (Specify) - CDOT-Sidewalk | 61,780 | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal (CDOT-Sidewalk) | 556,015 |
| f. Total (a. through e.) | 105,857 | g. Total (a. through f.) | 556,015 |
| 4. Total (1. + 2. + 3.f) | 481,530 | 3. Total (1. + 2.g) | |
| | | (Carry forward to page 1) | |

| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
|--|---|--|---------------------------|
| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | 125,073 | 125,073 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | 826,226 | 826,226 |
| (3). System Preservation | | 967,868 | 967,868 |
| (4). System Enhancement & Operation | | 334,955 | 334,955 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 2,129,049 | 2,129,049 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 2,254,122 | 2,254,122 |
| | | | (Carry forward to page 1) |

Notes and Comments: