

SPECIAL MEETING

- I. CALL TO ORDER
- II. ROLL CALL
- III. REVIEW AGENDA
- IV. OLD BUSINESS
  - a. Planning & Zoning Recommendation Bee McClure Drive  
[9/9/14, P&Z recommended unanimously that the Board of Trustees make a counter-offer to Mineral County offering to annex the remainder of Bee McClure Drive, an extension of Helfin Lane, and the cemetery road while continuing to allow ATV access on Bee McClure Drive from Bachelor Loop to the cemetery.]
- V. NEW BUSINESS
  - a. Accept 2013 Audit – Blair & Associates
- VI. ADJOURN

REGULAR WORK SESSION  
(Rescheduled due to District 8 Mtg)

- 2015 Budget
- 2015 Mill Levy
- School Water Update
  - Recycle Creede
  - County Annexation
  - County Land Swap
  - RWEACT Project
- Colorado City & Towns Week
  - Flume Committee Update
  - Any Other Business

Posted 9/19/14

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OPEN TO THE PUBLIC

# City of Creede

A Colorado Town

P.O. Box 457  
Creede, CO 81130  
(719) 658-2276  
Fax 658-2017



September 10, 2014

Mineral County Board of Commissioners  
PO Box 70  
Creede, CO 811300

Dear Commissioners,

The Planning and Zoning Commission for the City of Creede have reviewed your proposal to annex only the approximate 40' x 240' portion of road north of the church property that extends Helfin Lane and the approximate 60' x 81' portion of Bee McClure Drive north of the cemetery road intersection.

I believe we all agree that we should have done more negotiating back in 2006 when the Creede America subdivision was annexed and included all these roads, but it is what it is. Instead of making a similar error this time we'd like to counter by asking the Commissioners to annex the remainder of Bee McClure Drive, extension of Helfin Lane and the cemetery road to complete this annexation as it should be. In consideration for your approval, the Planning and Zoning Commission would recommend the Board of Trustees approve ATV traffic on the portion of Bee McClure Drive from Bachelor Road to the intersection of the cemetery road as well as the cemetery road leading to the cemetery.

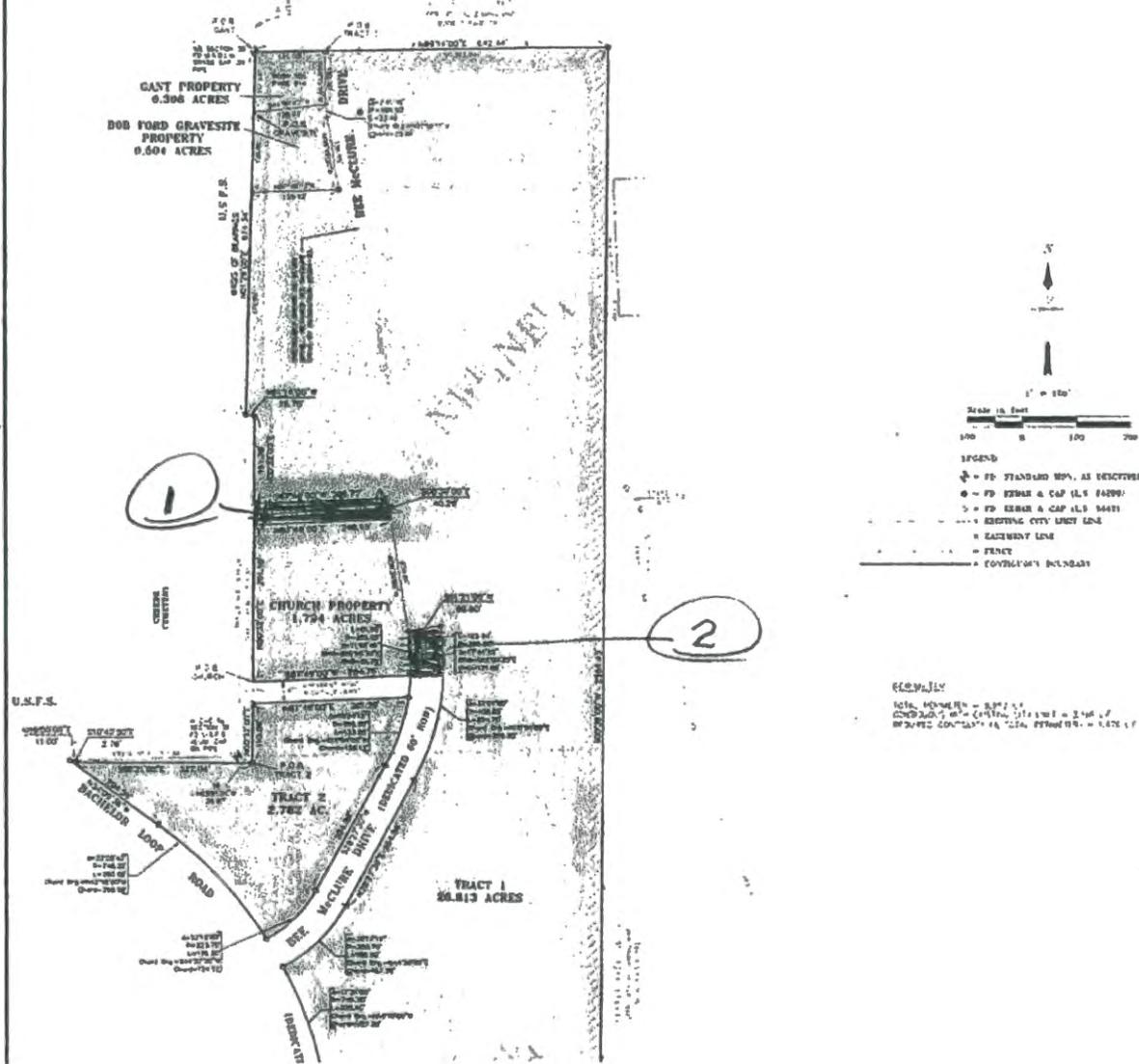
We feel this is a fair compromise that will work for all parties concerned and if the Commissioners approve we anticipate having this complete by the end of the year.

Sincerely and Respectfully,



Eric Grossman, Mayor  
City of Creede

**CREEDE AMERICA GROUP ANNEXATION**  
 TO THE CITY OF CREEDE, COLORADO  
 PART OF THE NW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub> AND THE  
 SW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> SECTION 36, T.42N., R.1W., N.M.P.M.  
 MINERAL COUNTY, COLORADO  
 32.201 ACRES



**City of Creede  
Financial Statements and  
Independent Auditor's Report  
as of  
December 31, 2013**

# City of Creede

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**CITY OF CREEDE**  
Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2013

As management of the City of Creede (the "City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's assets exceeded its liabilities by \$9,038,689 (i.e. net position) as of December 31, 2013, an increase of \$504,349 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$5,465,776, an increase of \$ 511,461 in comparison with the prior year.
- The City's fund balance for the General Fund was \$737,583, an increase of \$120,311 in comparison to the prior year.
- Total long-term liabilities decreased by \$36,359 during the 2013 fiscal year with no new loans.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

***Government-wide Financial Statements***

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

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

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

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

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

### ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into two categories: governmental Funds and Proprietary Funds.

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

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

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

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

### ***Notes to Basic Financial Statements***

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the year ended December 31, 2013, the City's combined assets exceeded liabilities by \$ 9,038,689. Of this amount, \$ 1,485,650 is unrestricted and available to meet the City's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$ 3,169,819 (35% of net position) and the restriction for parks and recreation from the Virginia G. Christensen Trust of \$ 4,367,570 or (48% of net position). The amount of \$ 3,169,819 reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's governmental and business-type net position for 2013 and 2012:

	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
<b>Assets</b>				
Current and other assets	\$ 5,540,377	\$ 5,034,701	\$ 416,385	\$ 322,606
Capital assets	1,493,435	1,523,791	2,816,093	2,923,402
<b>Total assets</b>	<b>7,033,812</b>	<b>6,558,492</b>	<b>3,232,478</b>	<b>3,246,008</b>
<b>Current liabilities</b>	15,785	20,899	39,195	48,553
<b>Non-current liabilities</b>				
Loans payable	-		1,102,621	1,139,708
<b>Total liabilities</b>	<b>15,785</b>	<b>20,899</b>	<b>1,141,816</b>	<b>1,188,261</b>
<b>Deferred inflows of resources</b>				
Deferred property taxes	70,000	61,000	-	-
<b>Net position</b>				
Investment in capital assets net of related debt	1,493,435	1,523,791	1,676,384	1,747,334
Restricted	4,383,220	4,123,989		
Unrestricted	1,071,372	828,813	414,278	310,413
<b>Total net position</b>	<b>\$ 6,948,027</b>	<b>\$ 6,476,593</b>	<b>\$ 2,090,662</b>	<b>\$ 2,057,747</b>

An additional portion of net position, \$ 4,383,220 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 1,485,650 (16% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

## Change in Net Position

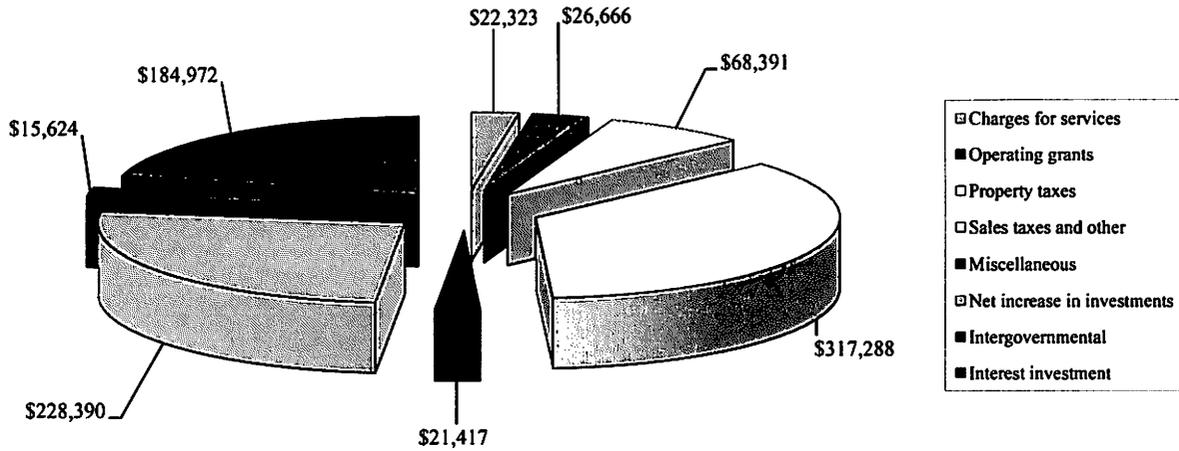
Governmental and business-type activities increased the City's net position by \$504,349 in 2013.

Revenues	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
<b>Program revenues</b>				
Charges for services	\$ 22,323	\$ 13,007	\$ 300,352	\$ 287,861
Operating grants	26,666	26,066		
Capital grants	-	-	37,130	2,000
<b>General revenues</b>				
Property taxes	68,391	61,008		
Sales taxes	291,465	352,139		
Other taxes	25,823	26,050		
Intergovernmental	15,624	8,486		
Interest on investment	184,972	184,307	3,648	3,277
Miscellaneous	21,417	41,979		
Transfers	-	110,000	-	(110,000)
Net increase in investment	228,390	73,828		
<b>Totals</b>	<b>885,071</b>	<b>896,870</b>	<b>341,130</b>	<b>183,138</b>
<b>Expenses</b>				
General government	140,232	135,174		
Public safety	-	863		
Public works	124,306	106,611	308,215	396,660
Parks and recreation	149,099	188,450		
<b>Total expenses</b>	<b>413,637</b>	<b>431,098</b>	<b>308,215</b>	<b>396,660</b>
Increase in net position	471,434	465,772	32,915	(213,522)
Beginning	6,476,593	6,010,821	2,057,747	2,271,269
Ending	<u>\$ 6,948,027</u>	<u>\$ 6,476,593</u>	<u>\$ 2,090,662</u>	<u>\$ 2,057,747</u>

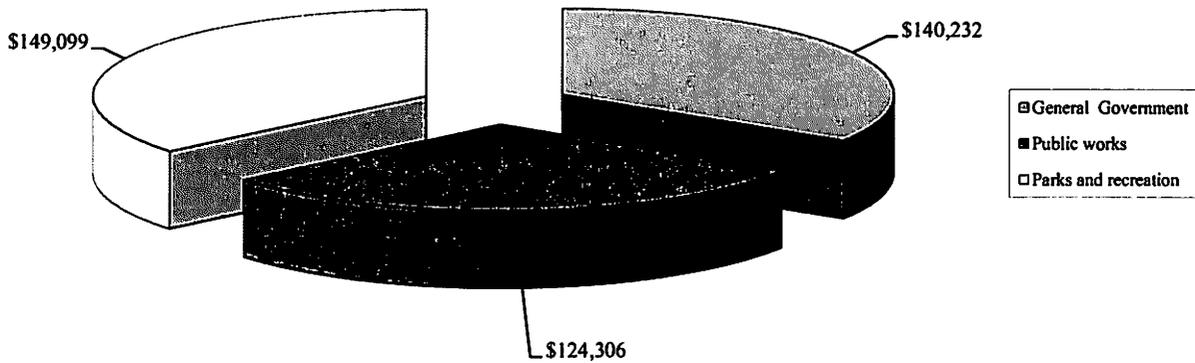
## Governmental Activities

Governmental activities increased the City's net position by \$ 471,434.

Governmental Activities revenues for 2013



Governmental Activities expenses for 2013



## **Business-type Activities**

Business-type activities for the year resulted in an increase in net position of \$ 32,915. Charges for services accounted for 88% of total revenues.

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

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

As of the end of 2013, the City's governmental funds reported combined ending fund balances of \$ 5,465,776, an increase of \$ 511,461 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 13% of this total amount, \$ 721,933, constitutes unassigned fund balance, which is available for appropriation at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve of \$ 15,650, reserved for parks and recreation of \$ 4,367,570, and reserved for capital improvements, \$360,623.

The City has a General Fund, which is the primary operating fund for the Town. At the end of 2013, unassigned fund balance of the General Fund was \$ 721,933. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's General Fund increased by \$ 120,311 during 2013.

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

The City has one enterprise fund: Water and Sewer. At the end of 2013, the fund represented the following net position amounts:

Fund:	Water and Sewer
Unrestricted net position	\$ 414,278
Total net position	\$ 2,090,662
Increase in net position	\$ 32,915

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City budgeted \$ 326,158 for 2013 expenditures. Actual expenditures were \$275,035. There was a supplement to the original budget for General Fund.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013, was \$ 3,169,819, a decrease of \$ 137,666 from the prior year. As required for this year by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	<u>109,898</u>	<u>-</u>	<u>-</u>	<u>109,898</u>
Capital assets being depreciated				
Building and improvements	685,230	-	-	685,230
Equipment	58,101	-	-	58,101
Vehicles	51,624	9,360	-	60,984
Infrastructure	924,746	6,437	-	931,183
Total capital assets being depreciated	<u>1,719,701</u>	<u>15,797</u>	<u>-</u>	<u>1,735,498</u>
Less accumulated depreciation for:				
Building and improvements	180,749	20,031	-	200,780
Equipment	60,958	-	-	60,958
Vehicles	43,291	2,833	-	46,124
Infrastructure	20,809	23,290	-	44,099
Total accumulated depreciation	<u>305,807</u>	<u>46,154</u>	<u>-</u>	<u>351,961</u>
Total capital assets being depreciated, net	<u>1,413,894</u>	<u>(30,357)</u>	<u>-</u>	<u>1,383,537</u>
<b>Governmental activities</b>				
Capital assets, net	<u>\$ 1,523,792</u>	<u>\$ (30,357)</u>	<u>\$ -</u>	<u>\$ 1,493,435</u>

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Total capital assets not being depreciated	<u>32,457</u>	<u>-</u>	<u>-</u>	<u>32,457</u>
Capital assets being depreciated				
Utility plant	4,378,339	-	-	4,378,339
Equipment	123,015	-	-	123,015
Total capital assets being depreciated	<u>4,501,354</u>	<u>-</u>	<u>-</u>	<u>4,501,354</u>
Less accumulated depreciation	1,610,409	107,309	-	1,717,718
Total accumulated depreciation	<u>1,610,409</u>	<u>107,309</u>	<u>-</u>	<u>1,717,718</u>
<b>Business-type activities</b>				
Capital assets, net	<u>\$ 2,923,402</u>	<u>\$ (107,309)</u>	<u>\$ -</u>	<u>\$ 2,816,093</u>

## Long-term Debt

As of December 31, 2013, the City had long-term debt as follows:

	<u>Beginning Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 12/31/2013</u>	<u>Due Within One Year</u>
Business-type activities:					
Joint water and sewer					
Loan payable	\$ 1,122,281	\$ -	\$ 33,615	\$ 1,088,666	\$ 34,206
Note payable	<u>53,787</u>	<u>-</u>	<u>2,744</u>	<u>51,043</u>	<u>2,882</u>
Business-type activities long-term debt	<u>\$ 1,176,068</u>	<u>\$ -</u>	<u>\$ 36,359</u>	<u>\$ 1,139,709</u>	<u>\$ 37,088</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

### Factors Baring on the City's Future

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

1. The need to repair the fifty-five year old flume running through town to mitigate flood waters of Willow Creek.
2. The possible need to update our wastewater plant, based on potential new regulations from the State.

### Contacting the City's Financial Management

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

## Basic Financial Statements

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Creede, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Creede, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Creede's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creede, Colorado, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i–viii and 26-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

*Blair and Associates, P.C.*

Cedaredge, Colorado  
July 15, 2014

**City of Creede, Colorado**  
**Statement of Net Position**  
**December 31, 2013**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 1,365,816	\$ 253,756	\$ 1,619,572
Restricted Cash and Investments	4,075,333	128,250	4,203,583
Property Taxes Receivable	70,000	-	70,000
Accounts Receivable	12,742	34,379	47,121
Due from Other Governments	16,486	-	16,486
<b>Total Current Assets</b>	<b>5,540,377</b>	<b>416,385</b>	<b>5,956,762</b>
<b>Capital Assets</b>			
Land	109,898	32,457	142,355
Water Distribution System	-	1,969,615	1,969,615
Utility Plant	-	2,408,724	2,408,724
Buildings and Improvements	685,230	-	685,230
Machinery and Equipment	58,101	123,015	181,116
Vehicles	60,984	-	60,984
Infrastructure	931,183	-	931,183
Less Accumulated Depreciation	(351,961)	(1,717,718)	(2,069,679)
<b>Total Capital Assets</b>	<b>1,493,435</b>	<b>2,816,093</b>	<b>4,309,528</b>
<b>TOTAL ASSETS</b>	<b>7,033,812</b>	<b>3,232,478</b>	<b>10,266,290</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	4,602	2,107	6,709
Compensated Absences	11,183	-	11,183
Note and Loan Payable	-	37,088	37,088
<b>Total Current Liabilities</b>	<b>15,785</b>	<b>39,195</b>	<b>54,980</b>
<b>Long-term Liabilities</b>			
Note and Loan Payable	-	1,102,621	1,102,621
<b>Total Long-term Liabilities</b>	<b>-</b>	<b>1,102,621</b>	<b>1,102,621</b>
<b>TOTAL LIABILITIES</b>	<b>15,785</b>	<b>1,141,816</b>	<b>1,157,601</b>
<b>Deferred inflows of resources</b>			
Deferred Property Taxes	70,000	-	70,000
<b>NET POSITION</b>			
Invested in Capital Assets, Net of related Debt	1,493,435	1,676,384	3,169,819
Restricted for:			
Parks and Recreation Facilities	4,367,570	-	4,367,570
TABOR	15,650	-	15,650
Unrestricted	1,071,372	414,278	1,485,650
<b>TOTAL NET POSITION</b>	<b>\$ 6,948,027</b>	<b>\$ 2,090,662</b>	<b>\$ 9,038,689</b>

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2013**

Functions/Programs	EXPENSES	Program Revenues		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 140,232	\$ 18,586	\$ -	\$ -
Public Works	124,306	-	23,551	-
Culture and Recreation	149,099	3,737	3,115	-
<b>Total Governmental Activities</b>	<u>413,637</u>	<u>22,323</u>	<u>26,666</u>	<u>-</u>
<b>Business-Type Activities</b>				
Water and Sewer	308,215	300,352	-	37,130
<b>Total Business-Type Activities</b>	<u>308,215</u>	<u>300,352</u>	<u>-</u>	<u>37,130</u>
<b>Total Primary Government</b>	<u>\$ 721,852</u>	<u>\$ 322,675</u>	<u>\$ 26,666</u>	<u>\$ 37,130</u>

**General Revenues:**

Taxes:

General Property Taxes-Net

Sales Taxes

Other Taxes

Intergovernmental

Interest on Investments

Miscellaneous

Net Increase in Investment

**Total General Revenues**

**Change in Net position**

**Net Position - Beginning**

**Net Position - Ending**

See Notes to the Basic Financial Statements

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

**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>TOTAL</b>
\$ (121,646)	\$ -	\$ (121,646)
(100,755)	-	(100,755)
(142,247)	-	(142,247)
<u>(364,648)</u>	<u>-</u>	<u>(364,648)</u>
-	29,267	29,267
<u>-</u>	<u>29,267</u>	<u>29,267</u>
(364,648)	29,267	(335,381)
68,391	-	68,391
291,465	-	291,465
25,823	-	25,823
15,624	-	15,624
184,972	3,648	188,620
21,417	-	21,417
228,390	-	228,390
<u>836,082</u>	<u>3,648</u>	<u>839,730</u>
471,434	32,915	504,349
<u>6,476,593</u>	<u>2,057,747</u>	<u>8,534,340</u>
<u>\$ 6,948,027</u>	<u>\$ 2,090,662</u>	<u>\$ 9,038,689</u>

**CITY OF CREEDE, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>CAPITAL IMPROVEMENTS FUND</b>	<b>VIRGINIA G. CHRISTENSEN TRUST</b>
Cash and Investments	\$ 721,613	\$ 351,966	\$ 282,606
Restricted Cash and Investments	-	-	4,075,333
Accounts Receivable	4,083	8,659	-
Property Taxes Receivable	70,000	-	-
Due from Other Governments	16,486	-	-
<b>TOTAL ASSETS</b>	<b>\$ 812,182</b>	<b>\$ 360,625</b>	<b>\$ 4,357,939</b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 4,600	\$ 2	\$ -
<b>TOTAL LIABILITIES</b>	<b>4,600</b>	<b>2</b>	<b>-</b>
 <b>Deferred inflows of resources</b>			
Deferred Revenue-Property Taxes	70,000	-	-
 <b>FUND BALANCE</b>			
<b>Restricted</b>			
Parks and Recreation	-	-	4,357,939
Tabor Reserve	15,650	-	-
<b>Committed</b>			
Capital Improvements	-	360,623	-
Unassigned	721,933	-	-
<b>TOTAL FUND BALANCE</b>	<b>737,583</b>	<b>360,623</b>	<b>4,357,939</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 812,183</b>	 <b>\$ 360,625</b>	 <b>\$ 4,357,939</b>

See Notes to the Basic Financial Statements

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 9,631	\$ 1,365,816
-	4,075,333
-	12,742
-	70,000
-	16,486
<u>\$ 9,631</u>	<u>\$ 5,540,377</u>

\$ -	\$ 4,602
<u>-</u>	<u>4,602</u>

<u>-</u>	<u>70,000</u>
----------	---------------

9,631	4,367,570
-	15,650
-	360,623
-	721,933
<u>9,631</u>	<u>5,465,776</u>
<u>\$ 9,631</u>	<u>\$ 5,540,378</u>

**CITY OF CREEDE, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2013**

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**Total governmental fund balances** \$ 5,465,776

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 1,493,434

Compensated Absences (11,183)

**Net position of governmental activities** \$ 6,948,027

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year ended December 31, 2013**

	<b>GENERAL FUND</b>	<b>CAPITAL IMPROVEMENTS FUND</b>	<b>VIRGINIA G. CHRISTENSEN TRUST</b>
<b>REVENUES</b>			
Taxes	\$ 290,224	\$ 93,614	\$ -
Licenses and Permits	18,586	-	-
Intergovernmental Revenue	41,016	-	-
Interest Income	366	452	184,144
Net decrease In Investment	-	-	228,390
Other Revenue	25,154	-	-
<b>TOTAL REVENUES</b>	<b>375,346</b>	<b>94,066</b>	<b>412,534</b>
<b>EXPENDITURES</b>			
General Government	114,587	-	-
Public Safety	-	-	-
Public Works	97,742	-	-
Culture and Recreation	62,706	-	69,928
Capital Outlay	-	28,647	-
<b>TOTAL EXPENDITURES</b>	<b>275,035</b>	<b>28,647</b>	<b>69,928</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>100,311</b>	<b>65,419</b>	<b>342,606</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	20,000	70,000	-
Transfers to Other Funds	-	-	(90,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>20,000</b>	<b>70,000</b>	<b>(90,000)</b>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>120,311</b>	<b>135,419</b>	<b>252,606</b>
<b>Fund Balances at Beginning of Year</b>	<b>617,272</b>	<b>225,204</b>	<b>4,105,333</b>
<b>Fund Balances at End of Year</b>	<b>\$ 737,583</b>	<b>\$ 360,623</b>	<b>\$ 4,357,939</b>

See Notes to the Basic Financial Statements

<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ -	\$ 383,838
-	18,586
3,115	44,131
10	184,972
-	228,390
-	25,154
<u>3,125</u>	<u>885,071</u>
-	114,587
-	-
-	97,742
-	132,634
-	28,647
<u>-</u>	<u>373,610</u>
<u>3,125</u>	<u>511,461</u>
-	90,000
-	(90,000)
<u>-</u>	<u>-</u>
3,125	511,461
6,506	4,954,315
<u>\$ 9,631</u>	<u>\$ 5,465,776</u>

**CITY OF CREEDE, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2013**

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**Net change in fund balances - total governmental funds** \$ 511,461

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

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

Capital Outlay	15,797
Depreciation expense	<u>(46,154)</u>
Total	<u><u>(30,357)</u></u>

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

(9,670)

**Change in net position of governmental funds** **\$ 471,434**

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**

	<b>WATER AND SEWER FUND</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 253,756
Restricted Cash and Investments	128,250
Accounts Receivable	34,379
<b>Total Current Assets</b>	416,385
<b>Capital Assets</b>	
Land	32,457
Water Distribution System	1,969,615
Utility Plant	2,408,724
Machinery and Equipment	123,015
Accumulated Depreciation	(1,717,718)
<b>Total Capital Assets</b>	2,816,093
<b>TOTAL ASSETS</b>	\$ 3,232,478
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	2,107
Note and Loan Payable	37,088
<b>Total Current Liabilities</b>	39,195
<b>Long-Term Liabilities</b>	
Note and Loan Payable	1,102,621
<b>Total Long-Term Liabilities</b>	1,102,621
<b>TOTAL LIABILITIES</b>	1,141,816
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	1,676,384
Unrestricted	414,278
<b>TOTAL NET POSITION</b>	2,090,662
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 3,232,478

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2013**

	<b>WATER AND SEWER FUND</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 300,352
<b>Total Operating Revenues</b>	300,352
<b>OPERATING EXPENSES</b>	
Personnel Services	101,790
Materials and Supplies	4,738
Testing Fees	4,254
Professional Services	10,119
Repairs	2,755
Utilities	41,538
Insurance	4,293
Depreciation Expense	107,309
Amortization Expense	53
Other Expense	9,183
<b>Total Operating Expenses</b>	286,032
Operating income (loss)	14,320
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	3,648
Interest Expense	(22,183)
<b>Total nonoperating revenues (expenses)</b>	(18,535)
<b>Income Before Other Revenue</b>	(4,215)
<b>Capital Contributions (Water and Sewer Taps)</b>	37,130
<b>Changes in Net Position</b>	32,915
<b>Net Position at beginning of year</b>	2,057,747
<b>Net Position at end of year</b>	\$ 2,090,662

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2013**

	<b>WATER AND SEWER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 296,247
Cash Payments to Suppliers for Goods and Services	(87,019)
Cash Payments to Employees	(76,782)
Cash Payments for Employee Benefits and Taxes	(25,008)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>107,438</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Contributions	37,130
Interest Paid on Notes and Bonds	(22,183)
Principal Paid on Notes and Bonds	(36,359)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(21,412)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	3,648
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>3,648</b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>89,674</b>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>292,332</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 382,006</b>
 <b>Operating Income</b>	<b>\$ 14,320</b>
<b>Adjustments to Reconcile Operating Income to</b>	
<b>Net Cash Provided by Operating Activities:</b>	
Depreciation	107,309
Decrease (Increase) in:	
Accounts and Grant Receivables	(4,105)
Increase (Decrease) in:	
Accounts Payable	(10,086)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 107,438</b>

See Notes to the Basic Financial Statements

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note A – Summary of Significant Accounting Policies**

**Reporting Entity**

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

**Basis of Presentation, Basis of Accounting**

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

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

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

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note A – Summary of Significant Accounting Policies – continued**

**Basis of Presentation, Basis of Accounting - continued**

***Fund Financial Statements***

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

**Measurement Focus, Basis of Accounting**

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

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

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales, taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note A – Summary of Significant Accounting Policies- continued**

**Measurement Focus, Basis of Accounting- continued**

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

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

**Assets, Liabilities and Equity**

***Deposits and investments*** - The cash balances of substantially all funds are pooled for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at December 31, 2012, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or certificates of deposit. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

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

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

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

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

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note A – Summary of Significant Accounting Policies- continued**

**Assets, Liabilities and Equity - continued**

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

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

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

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

**Long term debt** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note A – Summary of Significant Accounting Policies – continued**

**Assets, Liabilities and Equity - continued**

**Deferred Outflows / Inflows of Resources**

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

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

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

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

**Budgets and Budgetary accounting**

The City follows these procedures in establishing budgets:

- a. Budgets are required by state law for all governmental and proprietary funds.
- b. During October the proposed budget is submitted to the City Board for the fiscal year commencing the following January 1.
- c. Prior to December 15, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
- d. Formal budgetary integration is employed as a management control device for all funds of the City. The governmental funds and expendable trust funds budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The proprietary funds budgets are adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.
- e. Appropriations lapse at the end of each year, and the City Board may adopt supplemental appropriations during the year. The City Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's administrator or the revenue estimates must be changed by the City Board when adopting supplemental appropriations. The City did a supplemental appropriation in 2013.

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note B – Cash, Deposits and Investments**

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

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2013 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

*Custodial Credit Risk – Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end \$1,303,776 of the City's bank balance of \$1,553,776 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

**Investments**

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

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

*Credit Risk* – As of December 31, 2013, the local government investment pools, (ColoTrust) in which the City had invested, were rated AAAM by Standard & Poor's.

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note B – Cash, Deposits and Investments - continued**

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

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

	<u>Fair Market Value</u> <u>December 31, 2013</u>
Artisan Intl Value Fund	\$ 210,772
Capital Private Client SVCS	154,423
DB REN MXEA	54,074
JP International Value Fund	99,651
Oakmark International FD-I	84,108
DB Market Plus SXSE	48,034
Vanguard FTSE Europe ETF	86,201
JPM China Region FD-SEL	41,838
Virtus Emerging Markets	92,963
JPM Global	45,367
Matthews Pacific Tiger Fund	<u>142,703</u>
Total	<u>\$1,060,134</u>

These funds are highly diversified, which minimize the impact any currency could have on the overall investments. Ratings from Moody’s or Standard and Poor’s are not available for these products. The Virginia Christensen Trust Fund is also exposed to possible interest rate risk form 8 fixed income investments. These funds hold several types of fixed income no concentrations of any one user.

		<u>Fair Value</u>	<u>Up to 120 days</u>	<u>Credit Risk</u>
Bond Funds	100%	\$4,047,050	\$ 4,047,050	N/R
Cash on hand and in banks		1,544,092		
Money market funds	\$ 28,263			N/R
ColoTrust	<u>203,750</u>			
Cash and investments in custody of others		<u>232,013</u>		
Total deposits and investments		<u>\$ 5,823,155</u>		

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

<u>Government-wide Statement of Net Position</u>	
Cash and cash equivalents	\$ 1,619,572
Restricted cash and investments	<u>4,203,583</u>
Total	<u>\$ 5,823,155</u>

**Interest Rate Risk**

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note B – Cash, Deposits and Investments - continued**

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

**Note C – Interfund Transfers**

Interfund transfers for the year ended December 31, 2013 were as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ -	\$ 20,000
Capital Improvement Fund	-	70,000
Virginia Christensen Fund	<u>90,000</u>	-
Total	<u>\$ 90,000</u>	<u>\$ 90,000</u>

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

**Note D – Capital Assets**

Capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/13</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 109,898	\$ -	\$ -	\$ 109,898
Total capital assets not being depreciated	<u>109,898</u>	<u>-</u>	<u>-</u>	<u>109,898</u>
Capital assets being depreciated				
Building and improvements	685,230	-	-	685,230
Equipment	58,101	-	-	58,101
Vehicles	51,624	9,360	-	60,984
Infrastructure	924,746	6,437	-	931,183
Total capital assets being depreciated	<u>1,719,701</u>	<u>15,797</u>	<u>-</u>	<u>1,735,498</u>
Less accumulated depreciation for:				
Building and improvements	180,749	20,031	-	200,780
Equipment	58,100	-	-	58,100
Vehicles	46,148	2,833	-	48,981
Infrastructure	20,810	23,290	-	44,100
Total accumulated depreciation	<u>305,807</u>	<u>46,154</u>	<u>-</u>	<u>351,961</u>
Total capital assets being depreciated, net	<u>1,413,894</u>	<u>(30,357)</u>	<u>-</u>	<u>1,383,537</u>
<b>Governmental activities</b>				
Capital assets, net	<u>\$ 1,523,792</u>	<u>\$ (30,357)</u>	<u>\$ -</u>	<u>\$ 1,493,435</u>

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note D – Capital Assets-continued**

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 32,457	\$ -	\$ -	\$ 32,457
Total capital assets not being depreciated	<u>32,457</u>	<u>-</u>	<u>-</u>	<u>32,457</u>
Capital assets being depreciated				
Utility plant	4,378,339	-	-	4,378,339
Equipment	123,015	-	-	123,015
Total Capital assets being depreciated	<u>4,501,354</u>	<u>-</u>	<u>-</u>	<u>4,501,354</u>
Less accumulated depreciation for:	1,610,409	107,309	-	1,717,718
Total accumulated depreciation	<u>1,610,409</u>	<u>107,309</u>	<u>-</u>	<u>1,717,718</u>
<b>Business-type activities</b>				
<b>Capital assets, net</b>	<u>\$ 2,923,402</u>	<u>\$ (107,309)</u>	<u>\$ -</u>	<u>\$ 2,816,093</u>

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

<b>Governmental activities:</b>	
General government	\$ 3,125
Public works	26,564
Culture and recreation	<u>16,465</u>
Total depreciation expense – governmental activities	<u>\$ 46,154</u>
 <b>Business-type activities:</b>	
Water services	\$ 87,138
Sewer services	<u>20,171</u>
Total depreciation expense – business-type activities	<u>\$107,309</u>

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note E – Long-term Debt**

Changes in long-term debt

	Beginning Balance 12/31/2012	Additions	Deletions	Ending Balance 12/31/2013	Due Within One Year
<b>Business-type activities:</b>					
Joint water and sewer					
Loan payable	\$ 1,122,281	\$ -	\$ 33,615	\$ 1,088,666	\$ 34,206
Note payable	53,787		2,744	51,043	2,882
<b>Business-type activities long-term debt</b>	<b>\$ 1,176,068</b>	<b>\$ -</b>	<b>\$ 36,359</b>	<b>\$ 1,139,709</b>	<b>\$ 37,088</b>

Business-type activities:

Loan Payable

**Colorado Water Resources and Power Development Authority:**

\$1,250,000, April 15, 2009, to finance a portion of the new waterlines, due in bi-annual payments of \$27,156 on May 1, and November 1 for 30 years beginning November 1, 2009 and ending May 1, 2039, including interest of 1.75%, to be repaid with revenues derived from the operation of the City water and sewer system. The following is a detail breakdown of the loan payments as of December 31, 2013 owed on the outstanding loan.

	Principal	Interest
2014	\$ 34,056	\$ 19,052
2015	34,652	18,456
2016	35,259	17,849
2017	35,876	17,232
2018	36,504	16,604
2019-2023	192,327	73,213
2024-2028	209,755	55,785
2029-2033	228,762	36,778
2034-2038	249,492	16,048
2039	31,983	561
	<b>\$ 1,088,666</b>	<b>\$ 271,578</b>

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note E – Long-term Debt-continued**

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

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,882	\$ 2,552	\$ 5,434
2015	3,026	2,408	5,434
2016	3,177	2,257	5,434
2017	3,336	2,098	5,434
2018	3,503	1,931	5,434
2019-2023	20,324	6,846	27,170
2024-2026	<u>14,795</u>	<u>1,503</u>	<u>16,298</u>
Total	<u>\$ 51,043</u>	<u>\$ 19,595</u>	<u>\$ 70,638</u>

**Note F – Pension Plans**

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

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

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

The City's current year covered payroll was \$149,000. The total City payroll for this period was \$194,353. Four employees were enrolled in the plan at year end.

**Contributions:**

Employer contributions to plan	\$ 4,471
Employee contributions to plan	<u>4,471</u>
Total contributions	<u>\$ 8,942</u>

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note G – Restricted Assets**

In accordance with the contract with the Deep Creek Water and Sanitation District cash in the amount of \$ 37,394 has been restricted for a sewer treatment facility expansion.

Cash in the amount of \$ 282,606 and investments in the amount of \$ 4,075,333 are restricted by the Virginia G. Christensen Trust agreement. According to the agreement the funds are to be used for parks and recreation projects and facilities.

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

**Note H – Deep Creek Water and Sanitation District**

In 1990, the City signed a contract with the Deep Creek Water and Sanitation District which allows the District to connect to the City's sewage treatment and disposal system. The District pays a monthly user fee for the services, and is required to pay a one-time connection fee of \$400 per user. The contract states that the Deep Creek user connection fees will be placed into a separate fund to be used only for sewer treatment facility expansion. User connection fees of \$ 37,394 are recorded as restricted cash at December 31, 2013.

**Note I – Risk Management**

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

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

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

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note J – Segment Information**

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenue	\$ 218,307	\$ 82,045	\$ 300,352
Depreciation and Amortization Expense	\$ 87,138	\$ 20,171	\$ 107,309
Operating income (loss)	\$ 41,777	\$(27,457)	\$ 14,320
Net income (loss)	\$ 41,807	\$( 8,892)	\$ 32,915

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

**Note K – Tabor Emergency Reserve**

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

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

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

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

**Note L – Commitments and Contingencies**

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

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

**City of Creede, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

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**Note M – Fund Balances**

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

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

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

**Note N – New Accounting Pronouncements**

GASB 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the City beginning with its year ending December 31, 2012. This statement requires certain items that are currently reported as assets and liabilities to be reclassified as deferred outflows resources, deferred inflows of resources, or current-period outflows and inflows.

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year Ended December 31, 2013**

REVENUES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Taxes</b>				
General Property Taxes (Net)	\$ 65,000	\$ 65,000	\$ 68,391	\$ 3,391
Specific Ownership Tax	5,000	5,000	8,703	3,703
Delinquent Tax	250	250	153	(97)
Delinquent Interest	250	250	329	79
Sales Tax	185,000	185,000	197,851	12,851
Building Use Tax	5,000	5,000	6,496	1,496
Franchise Tax	8,000	8,000	8,301	301
<b>Total Taxes</b>	<b>268,500</b>	<b>268,500</b>	<b>290,224</b>	<b>21,724</b>
<b>Licenses and Permits</b>				
Business Licenses and Permits	8,000	12,000	18,586	6,586
Non-Business Licenses and Permits	-	-	-	-
<b>Total Licenses and Permits</b>	<b>8,000</b>	<b>12,000</b>	<b>18,586</b>	<b>6,586</b>
<b>Intergovernmental Revenue</b>				
Highway Users Tax	17,500	17,500	20,872	3,372
Additional Motor Vehicle Fees	2,400	2,400	2,679	279
Cigarette Tax	1,100	1,400	1,685	285
Motor Vehicle Sales Tax	100	100	156	56
Road and Bridge	3,800	3,800	3,888	88
Severance Tax	4,800	10,000	11,511	1,511
Mineral Leasing	-	-	225	225
<b>Total Intergovernmental Revenue</b>	<b>29,700</b>	<b>35,200</b>	<b>41,016</b>	<b>5,816</b>
Interest Income	700	300	366	66
<b>Other Revenue</b>				
Donations	5,650	1,300	3,264	1,964
Program Fees	3,150	3,150	3,737	587
Miscellaneous	18,470	13,800	17,983	4,183
Refunds of Expenditures	1,200	600	170	(430)
<b>Total Other Revenue</b>	<b>28,470</b>	<b>18,850</b>	<b>25,154</b>	<b>6,304</b>
<b>TOTAL REVENUES</b>	<b>\$ 335,370</b>	<b>\$ 334,850</b>	<b>\$ 375,346</b>	<b>\$ 40,496</b>

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2013**

EXPENDITURES	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>General Government</b>				
Salaries	\$ 35,869	\$ 35,869	\$ 35,869	\$ -
Fringe Benefits	9,019	9,450	11,039	(1,589)
Professional Services	30,000	30,000	24,861	5,139
Operating Supplies	4,000	4,000	1,531	2,469
Travel and Transportation	3,000	3,000	1,363	1,637
Dues and Meetings	3,000	3,000	3,447	(447)
Telephone and Postage	3,100	3,100	3,492	(392)
Insurance and Bonds	6,000	6,000	2,960	3,040
Printing and Advertising	3,500	3,500	2,194	1,306
Building and Plant	2,000	2,000	1,710	290
Legislative	15,000	15,000	16,468	(1,468)
Judicial	1,500	1,500	-	1,500
Miscellaneous	6,300	9,300	9,653	(353)
<b>Total General Government</b>	<b>122,288</b>	<b>125,719</b>	<b>114,587</b>	<b>11,132</b>
<b>Public Safety</b>				
Law Enforcement Contract	10,000	10,000	-	10,000
<b>Total Public Safety</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>Public Works</b>				
Salaries	41,527	41,527	40,913	614
Fringe Benefits	13,109	13,109	11,760	1,349
Operating Expenses	5,000	5,000	5,641	(641)
Streets Repairs and Maintenance	15,000	15,000	12,102	2,898
Equipment Repairs and Maintenance	6,000	6,000	2,105	3,895
Utilities	22,500	22,500	19,232	3,268
Insurance and Bonds	6,000	6,000	3,557	2,443
Miscellaneous	6,500	6,500	2,432	4,068
<b>Total Public Works</b>	<b>115,636</b>	<b>115,636</b>	<b>97,742</b>	<b>17,894</b>
<b>Culture and Recreation</b>				
Ball Park	-	-	88	(88)
Parks	34,065	36,200	24,750	11,450
Donations	16,000	10,000	10,000	-
Fish Hatchery	2,000	2,000	18,092	(16,092)
Recreation	30,873	26,603	9,776	16,827
<b>Total Culture and Recreation</b>	<b>82,938</b>	<b>74,803</b>	<b>62,706</b>	<b>12,097</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 330,862</b>	<b>\$ 326,158</b>	<b>\$ 275,035</b>	<b>\$ 51,123</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Other Funds	20,000	20,000	20,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2013**

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	<u>Budgeted</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable (Unfavorable)</b>
Excess (deficiency) of revenues over expenditures	\$ 24,508	\$ 28,692	<b>\$ 120,311</b>	\$ 91,619
<b>Fund Balances at Beginning of Year</b>	617,272	617,272	<b>617,272</b>	-
<b>Fund Balances at End of Year</b>	<u>\$ 641,780</u>	<u>\$ 645,964</u>	<u><b>\$ 737,583</b></u>	<u>\$ 91,619</u>

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENTS FUND**  
**For the Year Ended December 31, 2013**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Sales Tax	\$ 85,000	\$ 85,000	\$ 93,614	\$ 8,614
Total Taxes	<u>85,000</u>	<u>85,000</u>	<u>93,614</u>	<u>8,614</u>
Other Revenue				
Interest Income	1,000	500	452	(48)
Total Other Revenue	<u>1,000</u>	<u>500</u>	<u>452</u>	<u>(48)</u>
<b>TOTAL REVENUES</b>	<u>86,000</u>	<u>85,500</u>	<u>94,066</u>	<u>8,566</u>
<b>EXPENDITURES</b>				
Capital Outlay	75,000	30,000	28,647	1,353
<b>TOTAL EXPENDITURES</b>	<u>75,000</u>	<u>30,000</u>	<u>28,647</u>	<u>1,353</u>
Excess (deficiency) of revenues over expenditures	<u>11,000</u>	<u>55,500</u>	<u>65,419</u>	<u>9,919</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	70,000	70,000	70,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	81,000	125,500	135,419	9,919
<b>Fund Balance at Beginning of Year</b>	<u>225,204</u>	<u>225,204</u>	<u>225,204</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 306,204</u>	<u>\$ 350,704</u>	<u>\$ 360,623</u>	<u>\$ 9,919</u>

See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**VIRGINIA G. CHRISTENSEN FUND**  
**For the Year Ended December 31, 2013**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Interest Income	\$ 180,000	\$ 180,000	\$ 184,144	\$ 4,144
Net Increase (Decrease) in Investment	1,000	300	228,390	228,090
<b>TOTAL REVENUES</b>	<u>181,000</u>	<u>180,300</u>	<u>412,534</u>	<u>232,234</u>
<b>EXPENDITURES</b>				
Culture and Recreation				
Distributions	51,500	54,500	54,500	-
Management Fees	35,500	35,500	15,428	20,072
<b>TOTAL EXPENDITURES</b>	<u>87,000</u>	<u>90,000</u>	<u>69,928</u>	<u>20,072</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>94,000</u>	<u>90,300</u>	<u>342,606</u>	<u>252,306</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to Other Funds	(90,000)	(90,000)	(90,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	4,000	300	252,606	252,306
<b>Fund Balance at Beginning of Year</b>	<u>4,105,333</u>	<u>4,105,333</u>	<u>4,105,333</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 4,109,333</u>	<u>\$ 4,105,633</u>	<u>\$ 4,357,939</u>	<u>\$ 252,306</u>

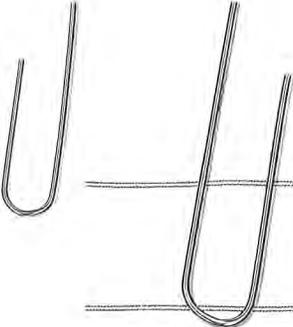
See Notes to the Basic Financial Statements

**CITY OF CREEDE, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CONSERVATION TRUST FUND**  
**For the Year Ended December 31, 2013**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental Revenue				
State Lottery	\$ 3,500	\$ 3,500	\$ 3,115	\$ (385)
<b>TOTAL REVENUES</b>	<u>3,500</u>	<u>3,500</u>	<u>3,115</u>	<u>(385)</u>
Other Revenue				
Interest Income	-	-	10	10
Total Other Income	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
<b>Total Revenues</b>	<u>3,500</u>	<u>3,500</u>	<u>3,125</u>	<u>(375)</u>
<b>EXPENDITURES</b>				
Culture and Recreation				
Park Salaries	3,400	3,400	-	3,400
<b>TOTAL EXPENDITURES</b>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>
<b>Excess of revenues over expenditures</b>	<u>100</u>	<u>100</u>	<u>3,125</u>	<u>3,025</u>
<b>Fund Balance at Beginning of Year</b>	<u>6,506</u>	<u>6,506</u>	<u>6,506</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 6,606</u>	<u>\$ 6,606</u>	<u>\$ 9,631</u>	<u>\$ 3,025</u>

**CITY OF CREEDE, COLORADO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**WATER AND SEWER**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Operating Revenues</b>				
Charges for Services	\$ 294,471	\$ 296,828	\$ 300,352	\$ 3,524
<b>Total Operating Revenues</b>	<u>294,471</u>	<u>296,828</u>	<u>300,352</u>	<u>3,524</u>
<b>Operating Expenses</b>				
Personnel Services	99,523	100,101	101,790	(1,689)
Materials and Supplies	12,750	12,750	4,738	8,012
Testing Fees	8,000	8,000	4,254	3,746
Professional Services	10,000	20,000	10,119	9,881
Repairs	6,000	6,000	2,755	3,245
Utilities	43,500	43,500	41,538	1,962
Insurance	6,000	6,000	4,293	1,707
Other Expenses	11,000	11,000	9,236	1,764
<b>Total Operating Expenses</b>	<u>196,773</u>	<u>207,351</u>	<u>178,723</u>	<u>28,628</u>
<b>Operating income (loss)</b>	97,698	89,477	121,629	32,152
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	200	100	3,648	3,548
Debt Service Payments	(68,000)	(68,000)	(58,542)	9,458
<b>Total nonoperating revenues (expenses)</b>	<u>(67,800)</u>	<u>(67,900)</u>	<u>(54,894)</u>	<u>13,006</u>
<b>Income Before Other Revenue</b>	29,898	21,577	66,735	45,158
<b>Capital Contributions</b>	<u>10,000</u>	<u>30,000</u>	<u>37,130</u>	<u>7,130</u>
<b>Net Income (Loss)-Budgetary Basis</b>	39,898	51,577	103,865	52,288
<b>Net Position-Beginning Balance</b>	<u>310,413</u>	<u>310,413</u>	<u>310,413</u>	<u>-</u>
<b>Net Position-Ending Balance</b>	<u>\$ 350,311</u>	<u>\$ 361,990</u>	<u>\$ 414,278</u>	<u>\$ 52,288</u>



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# MILL LEVY MEMO

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**TO:** Mayor and Board of Trustees  
**FROM:** Clyde  
**SUBJECT:** Initial 2015 Mill Levy  
**DATE:** September 8, 2014

As I mentioned in my report, our budget planning begins when we receive the Certification of Valuation (CV) from Libby. She'll send me another CV around the end of November for our final mill levy calculations.

Attached is the initial CV we received and the work sheets I use to arrive at a planned mill levy. It looks more complicated than it really is and I have to estimate the Consumer Price Index as shown on the second and third pages.

When you get to DLG-70 you have to work this worksheet backwards because you want to preserve the highest Mill Levy as possible. (Suzanne & Scott @ DOLA)

Your known's are the Levy, Revenue and Assessed Valuation as calculated on the DLG-53a worksheets AND the historical high Levy. In this case they are: **13.648**, **\$77,478**, and **\$5,676,995** AND **14.253**. We're preserving the historical high mill levy of 14.253.

Calculating the Temporary Levy Credit/Rate Reduction is simple math: Historical high minus current. Ex.  $14.253 - 13.648 = .605$ .

To calculate the revenue from the historical high Levy you're trying to preserve I take the current assessed valuation - multiply it by the preserved Levy and divide it by 1,000. Ex.  $5,676,995 \times 14.253 / 1,000 = \$80,914$ .

I then subtract the actual revenue from the preserved revenue calculated above to get the Temporary Levy Credit/Rate Reduction revenue.  $\$80,914 - \$77,478 = \$3,436$ . (because of rounding this number(s) may not match perfectly when checking the math in reverse)

Now I've got all the numbers I need. Starting from the top a preserved high Levy of **14.253** and revenue of **\$80,914**. Next I've got the Temporary Credit/Rate Reduction Levy of **.605** and revenue of **\$3,436**. And finally the Total Mill Levy of **13.648** and Revenue of **\$77,478**

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In talking with Scott (Olene) at DOLA, some of DLG's (Division of Local Government) notes/data go back to 1975 and the highest levy for Creede was in 1975 at 19.950 and the lowest levy was 10.155 in 1988. This was all pre-Tabor. TABOR passed in November 1992 when Creede's levy was 14.253 and this is the historical high I've used.

I've also found a 1943 record showing the town's mill levy to be 21.00. Although tempted to use this or the 19.950, I've been lead to believe TABOR established new rules-FFT.

CERTIFICATION OF VALUATION BY
COUNTY ASSESSOR

Mineral

New Tax Entity [ ] YES [X] NO

Date August 25, 2014 200

NAME OF TAX ENTITY: City of Creede

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2014:

Table with 11 rows listing valuation items such as 'PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION' and 'CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION' with corresponding dollar amounts.

† This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution
\* New Construction is defined as: Taxable real property structures and the personal property connected with the structure.
~ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.
Φ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

IN ACCORDANCE WITH ART. X, SEC. 20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2014:

Table with 7 rows listing actual valuation items such as 'CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY' and 'CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS' with corresponding dollar amounts.

DELETIONS FROM TAXABLE REAL PROPERTY

Table with 3 rows listing deletion items such as 'DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS' and 'DISCONNECTIONS/EXCLUSIONS' with corresponding dollar amounts.

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.
\* Construction is defined as newly constructed taxable real property structures.
§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SUBMIT TO THE DIVISION OF LOCAL GOVERNMENT THE TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of MINERAL, Colorado.  
**On behalf of the** City of Creede,  
 the Board of Trustees (taxing entity)<sup>A</sup>  
 of the City of Creede (governing body)<sup>B</sup>  
 (local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 5,676,995 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

**Submitted:** \_\_\_\_\_ for budget/fiscal year 2015.  
 (not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	<u>14.253</u> mills	\$ <u>80,914</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	<u>&lt; .605 &gt;</u> mills	\$ <u>&lt; 3,436 &gt;</u>
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<span style="border: 1px solid black; padding: 2px;"><u>13.648</u></span> mills	<span style="border: 1px solid black; padding: 2px;">\$ <u>77,478</u></span>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<span style="border: 1px solid black; padding: 2px;"><u>13.648</u></span> mills	<span style="border: 1px solid black; padding: 2px;">\$ <u>77,478</u></span>

Contact person: \_\_\_\_\_ Daytime phone: ( ) \_\_\_\_\_  
 Signed: \_\_\_\_\_ Title: \_\_\_\_\_

77,478 = 5676995 = .01364771327  
 x 1,000 = 13.64771327  
 round to 3 = 13.648  
 5676995 x 13.648 = 77,480  
 x 13.64771327 = (77,478)

levies to each county. Use a separate form section 3 of the Colorado Constitution. in the total NET assessed valuation (Line 4 of

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# BUDGET START TIME

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**TO:** Mayor & Board of Trustees  
**FROM:** Clyde Dooley  
**SUBJECT:** 2015 Budget  
**DATE:** September 4, 2014

As we delve into next year's budget, I'd like to remind the Trustee's that budgeting and accounting are two unique and very different activities. Budgeting is primarily a planning activity and accounting is a reporting activity. How they come together, is once we've approved and appropriated a budget, you make sure you record your accounting activities correctly and use that to monitor expenses throughout the year to manage the budget.

## **General Fund**

The General Fund is the major operating fund of the town. It is in this fund that revenues from sale tax, property tax, franchise fees, licenses, building and liquor permits and other miscellaneous revenue accrue. The basic operations of the town are included in the General Fund. These operations include: legislative, executive, judicial, administrative and public works including the building department and park and recreation departments.

The General Fund uses the modified accrual basis of accounting. Basis of accounting refers to when revenues and expenditures are recognized and reported in financial statements. Under this method, revenues are recognized in the accounting period in which they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis when the liability is incurred.

## **Capital Improvement Fund**

The Capital Improvement Fund is used for major projects and/or equipment purchases. Capital Improvement revenues are sales tax, interest income and funds transferred from the Virginia Christensen Fund.

Some of the capital expenditures I anticipate in the next 5 to 10 years include; repairing/maintaining; the flume, our water wells & storage tanks, our water and sewer distribution/collection mains, our treatment plants, our streets and bridges, our vehicles and equipment, and our buildings to name a few. We've also discussed some substantial improvements in our parks that will come from this fund.

So understandably we try to build this fund in preparation for all those things, plus the unexpected.

## **Water & Sewer Fund**

The Water & Sewer Fund is an "Enterprise Fund" which means it is ran like a business and supported with "user fees". When we entered the agreement with the Colorado Water Resource and Power Development Authority, through the Drinking

Water Development Fund for our water mains in 2009, they reminded us through strong covenants that we remain firm with our service fees.

### **Virginia Christensen Fund**

This fund is supported by interest revenue and depending on the market, provides revenues of between \$100,000 and \$180,000 annually.

Last year, correct me if I'm wrong Elizabeth (ü) we agreed to split these revenues three ways with one third going to parks & recreation, one third to Capital Improvements and one third being distributed.

### **Conservation Trust Fund**

The revenues for this fund are generated by State Lottery monies and have strict guidelines as to their dispersion. As you can see we spend it on our parks.

### **General Comments**

The economy is still not treating anyone very good these days, Although our sales tax revenues are slightly up, it doesn't appear we'll be getting any equal relief in our expenses. That is simple (not painless) cost accounting and requires us to be much more conscientious about our expenses and make sure we're getting our money's worth.

### **Process**

I received the Certification of Valuation from Libby last month & I use that to start the budget process. I've calculated the estimated mill levy for 2015 on the attached work sheets and the first draft of the 2015 proposed budget is ready. We need to approve and publish it and then start refining it so it will be ready for final approval in December. We'll adopt and certify the mill levy at the same meeting.

We start by outlining our current services and programs in the form of revenues and expenses. Then we come up with a plan of the expected revenues and expenses to meet those projections. There are many ways to present budgets and our format works well for us, the auditors & the State.

As we do every year we'll have separate budget work sessions to discuss the different funds to be ready to get it ready at our December meeting. My initial thought is to have one on Oct. 21<sup>st</sup> for the General Fund; October 28<sup>th</sup> for the Capital Improvement, Virginia Christensen Fund and Conservation Fund; November 4<sup>th</sup> (after our meeting) for the Water and Sewer Fund and on November 18<sup>th</sup> we'll go over the entire budget put together.