



Financial Report

December 31, 2014

**City of Craig, Colorado
Financial Report
December 31, 2014**

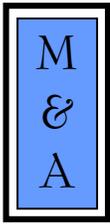
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council City of Craig, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Craig (the "City"), as of and for the year ended December 31, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Craig as of December 31, 2014, 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.

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INDEPENDENT AUDITOR'S REPORT
The Honorable Mayor and City Council
City of Craig, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The budgetary comparison information and the *Local Highway Finance Report* found in Section F and listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison information and the *Local Highway Finance Report* found in Section F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.
May 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CRAIG
Management's Discussion and Analysis (MD&A)
DECEMBER 31, 2014

INTRODUCTION

Our discussion and analysis of the CITY OF CRAIG financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2014. It should be read in conjunction with the City's financial statements, which follow this section.

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

FINANCIAL HIGHLIGHTS

- ❑ The City's General Fund continues to experience a decline in fund reserves, whereas the business-type activities has experience an increase in fund reserves.
- ❑ Total net position was \$42,002,411 at December 31, 2014 which was down by \$255,605 from December 31, 2013.
- ❑ The City was able to maintain the same level of services even though the revenues remained relatively unchanged and with a decrease in expenses.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements.

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

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

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

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

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

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

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator a government's financial position. In the case of the City of Craig, assets exceeded liabilities by \$42,002,411 at the close of the most recent fiscal year.

Net Position

By far the largest portion of the City's net position (75.5%) reflect its investment in capital assets (e.g., land, buildings, machinery and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets in reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Figure 1
City of Craig
Net Position
(in thousands)**

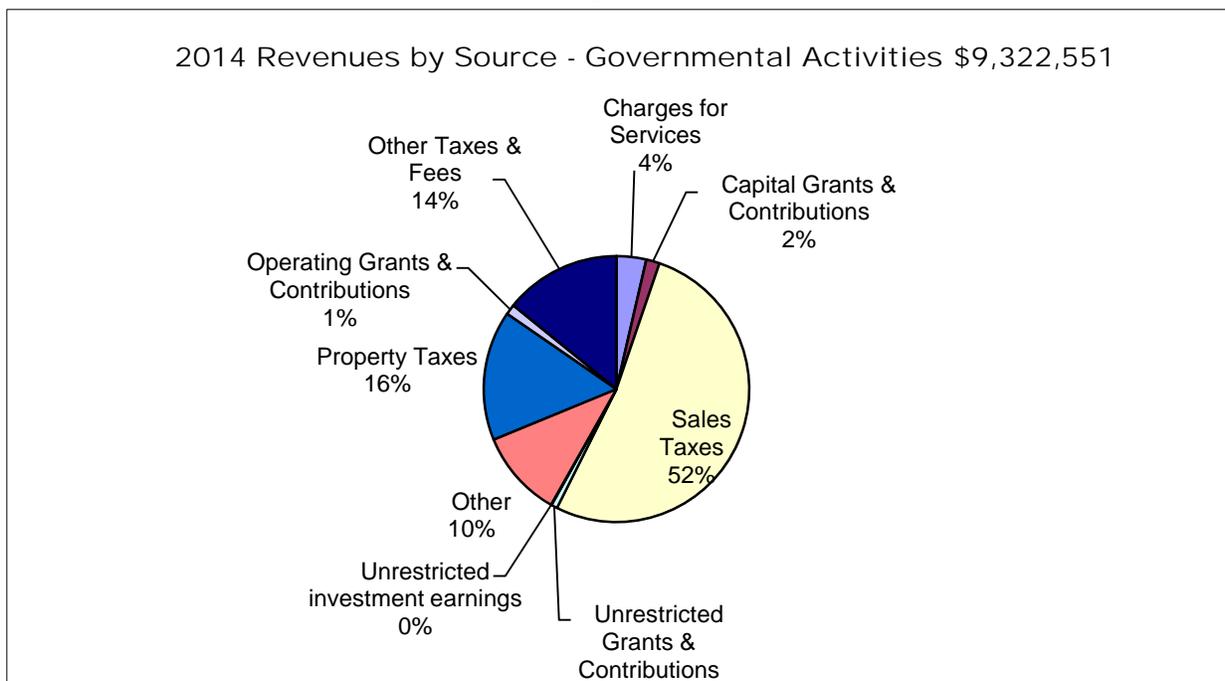
	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2014	2013	2014	2013	2014	
Current & other assets	8,058	7,588	4,507	5,374	12,565	12,962	3.16%
Capital assets	14,260	13,530	22,750	22,379	37,010	35,910	-2.97%
Total Assets	22,318	21,118	27,257	27,753	49,575	48,872	-1.42%
Other liabilities	943	778	370	445	1,313	1,223	-6.85%
Long-term liabilities	0	0	4,533	4,200	4,533	4,200	-7.35%
Total Liabilities	943	778	4,903	4,645	5,846	5,423	-7.24%
Deferred Inflows of Resources:							
Unavailable property tax	1,471	1,446	0	0	1,471	1,446	-1.70%
Net Position:							
Net investment in capital Assets	14,260	13,531	18,217	18,178	32,477	31,709	-2.36%
Restricted	271	278	0	0	271	278	2.58%
Unrestricted	5,373	5,085	4,137	4,930	9,510	10,015	5.31%
Total Net Position	19,904	18,894	22,354	23,108	42,258	42,002	-0.61%

An additional portion of the City's net position only (.66%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$10,014,943 may be used to meet the City's ongoing obligations to its citizens and creditors.

CHANGES IN NET POSITION

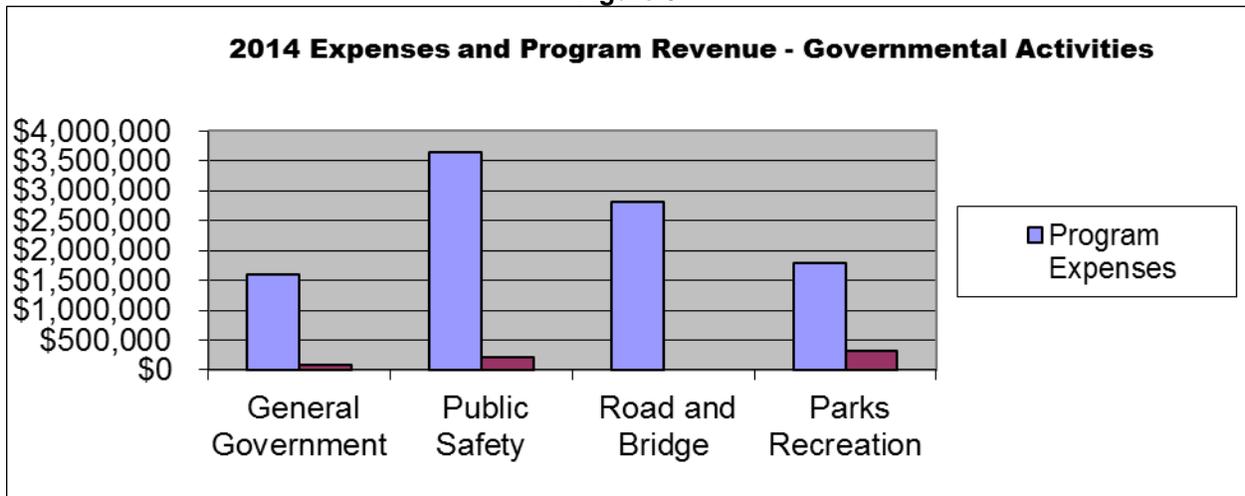
Sales taxes accounts for almost one half of all revenues for the governmental activities.

Figure 2



The program revenue for governmental activities offsets only a small share of the cost of services. The total cost of governmental activities has decrease by -5.6%. (See Figure 4.)

Figure 3



The City's governmental activities revenues increased by 3.2%. (See Figure 4.)

Figure 4
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2014	2013	2014	2013	2014	
Revenues							
Program Revenues							
Charges for Services	345	338	5,718	5,635	6,063	5,973	-1.48%
Operating Grants & Contributions	165	154	3	1	168	155	-7.74%
Capital Grants & Contributions	100	117	4	4	104	121	16.35%
General Revenues							
Sales Taxes	4,876	4,859	0	0	4,876	4,859	-0.35%
Property Taxes	1,608	1,472	0	0	1,608	1,472	-8.46%
Other Taxes & Fees	1,165	1,320	0	0	1,165	1,320	13.30%
Unrestricted investment earnings	6	5	4	4	10	9	-10.00%
Other	770	1,058	116	230	886	1,275	45.37%
Total Revenues	9,035	9,323	5,845	5,874	14,880	15,183	8.60%
Expenses							
General Government	1,863	1,605	0	0	1,863	1,605	-13.85%
Public Safety	3,911	3,634	0	0	3,911	3,634	-7.08%
Road & Bridge	2,801	2,805	0	0	2,801	2,805	0.14%
Parks & Recreation	1,839	1,789	0	0	1,839	1,789	-2.72%
Water	0	0	2,807	2,918	2,807	2,918	3.95%
Wastewater	0	0	1,403	1,426	1,403	1,426	1.64%
Solid Waste	0	0	1,253	1,275	1,253	1,275	1.76%
Total Expenses	10,414	9,833	5,463	5,619	15,877	15,452	-2.68%
Loss on Disposal of Capital Assets	0	14	0	0	0	14	-
Transfers	0	(500)	0	500	0	0	-
Increase in net position	(1,379)	(996)	382	755	(997)	(241)	-75.83%
Net position, Beginning	21,283	19,904	21,972	22,354	43,255	42,258	-2.30%
Net asset, Ending	19,904	18,908	22,354	23,109	42,258	42,017	-0.57%

The City's total revenues were \$15,182,752. Charges for services account for 39.3% of all revenues.

- **Governmental Activities.** Governmental activities decreased the City's net position by \$1,009,801, thereby accounting for decrease in net position.
- **Business-type Activities.** Business-type activities increased the City's net position by \$754,196 accounting for an increase in net position.

Figure 5

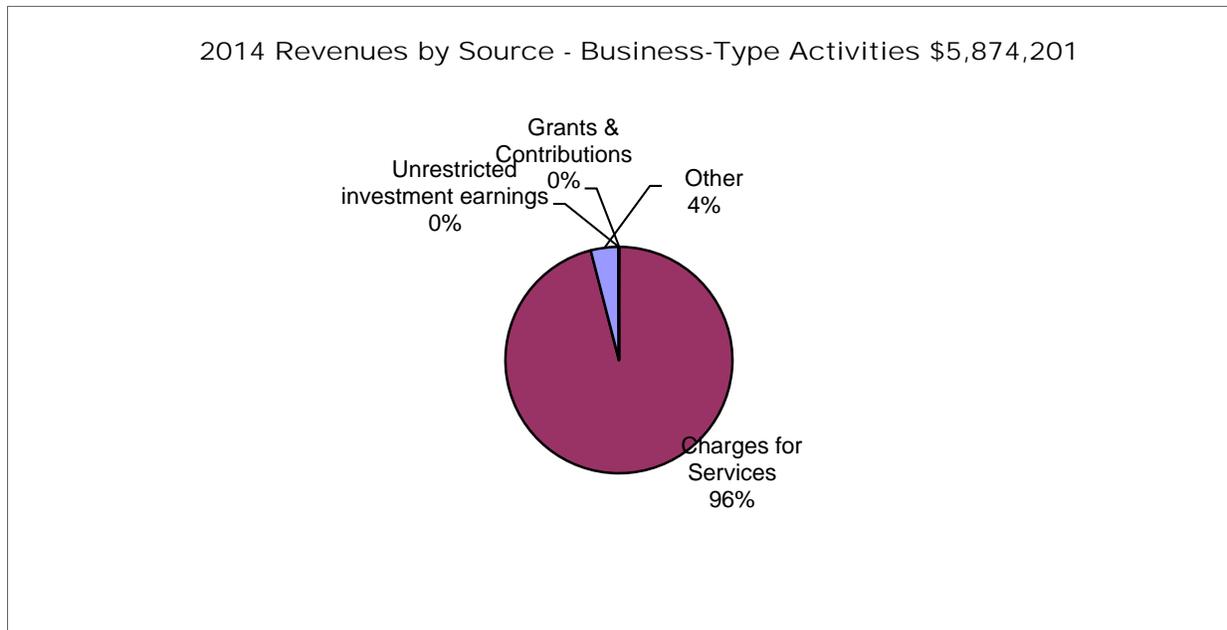
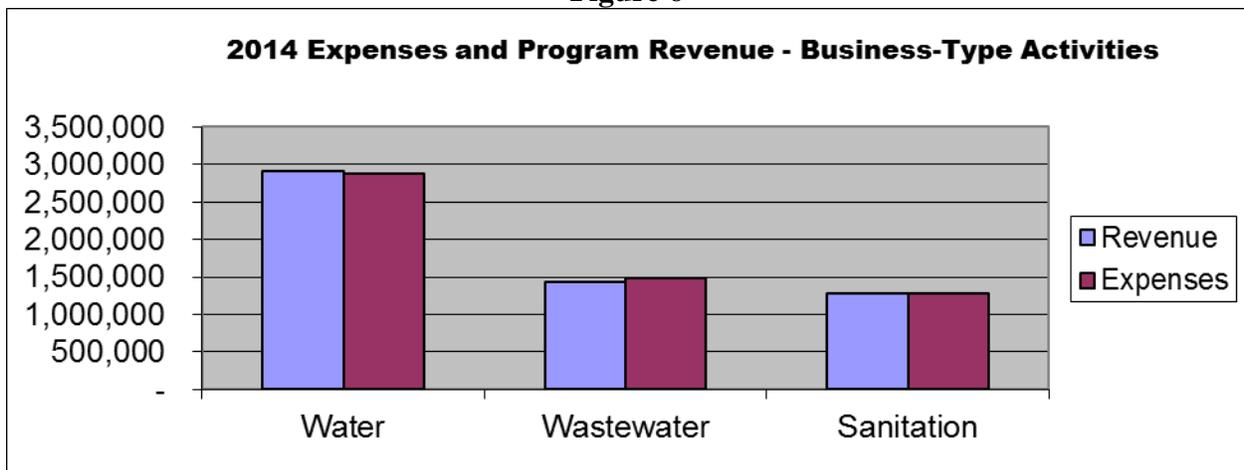


Figure 6



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$4,404,903, while the total fund balance equaled \$4,683,275.

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

Net Position of the Water, Wastewater and Solid Waste Fund at the end of the year amount to \$17,124,235, \$4,506,941 and \$1,780,651, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's Business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's total capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$35,909,363 (net of accumulated depreciation). The investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways and bridges.

**Figure 7
Capital Assets
(thousands)**

	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2014	2013	2014	2013	2014	
LAND	1,049	1,079	1,719	1,719	2,768	2,798	1.08%
BUILDINGS/IMPROVEMENTS	45,090	45,360	35,368	35,758	80,458	81,118	0.82%
MACHINERY AND EQUIPMENT	6,464	6,571	4,442	4,426	10,906	10,997	0.83%
WORK IN PROGRESS	0	0	0	206	0	206	0.00%
TOTALS AT HISTORICAL COST	52,603	53,010	41,529	42,109	94,132	95,119	1.05%
TOTAL ACCUM. DEPRECIATION	(38,343)	(39,479)	(18,779)	(19,731)	(57,122)	(59,210)	3.66%
NET CAPITAL ASSETS	14,260	13,531	22,750	22,378	37,010	35,909	-2.97%

BUDGETARY HIGHLIGHTS

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

Long-Term Debt

**Figure 8
City of Craig
Outstanding Debt
(thousands)**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable Colorado Water	-	-	144,460	74,905	144,460	74,905
Note Payable Colorado Water	-	-	4,388,680	4,125,359	4,388,680	4,125,359
	-	-	4,533,140	4,200,264	4,533,140	4,200,264

ECONOMIC FACTORS

- The local economic climate continues to remain flat in 2014.
- The City and County sales tax collections for 2014 decreased by .34%.
- When budgeting for 2014, the city took in consideration the local economy thereby has been able to continue to provide the same level of services.

These and other factors were considered when the City prepared its 2015 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Craig, Colorado
Statement of Net Position
December 31, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	4,907,374	4,595,313	9,502,687
Receivables, net of allowance for uncollectibles:			
Property tax	1,445,925	-	1,445,925
Accounts	930,752	735,540	1,666,292
Internal balances	303,713	(303,713)	-
Inventory	-	347,061	347,061
Capital assets not being depreciated	1,078,762	1,925,338	3,004,100
Capital assets, net of accumulated depreciation	12,451,895	20,453,366	32,905,261
Total Assets	<u>21,118,421</u>	<u>27,752,905</u>	<u>48,871,326</u>
Liabilities:			
Accounts payable	114,482	197,014	311,496
Accrued payroll	294,866	118,974	413,840
Accrued interest payable	-	43,587	43,587
Compensated absences	368,851	84,951	453,802
Long-term liabilities:			
Due within one year	-	343,712	343,712
Due in more than one year	-	3,856,553	3,856,553
Total Liabilities	<u>778,199</u>	<u>4,644,791</u>	<u>5,422,990</u>
Deferred Inflows of Resources:			
Unavailable property tax	1,445,925	-	1,445,925
Total Deferred Inflows of Resources	<u>1,445,925</u>	<u>-</u>	<u>1,445,925</u>
Net Position:			
Net investment in capital assets	13,530,657	18,178,439	31,709,096
Restricted for emergencies	278,372	-	278,372
Unrestricted	5,085,268	4,929,675	10,014,943
Total Net Position	<u>18,894,297</u>	<u>23,108,114</u>	<u>42,002,411</u>

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

City of Craig, Colorado
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	1,604,573	80,774	-	-	(1,523,799)	-	(1,523,799)
Public safety	3,633,912	62,679	153,766	-	(3,417,467)	-	(3,417,467)
Road and bridge	2,804,588	-	-	-	(2,804,588)	-	(2,804,588)
Parks and recreation	1,789,279	194,114	-	116,624	(1,478,541)	-	(1,478,541)
Total governmental activities	9,832,352	337,567	153,766	116,624	(9,224,395)	-	(9,224,395)
Business-type activities:							
Water	2,918,473	2,868,188	612	4,270	-	(45,403)	(45,403)
Wastewater	1,426,166	1,486,226	-	-	-	60,060	60,060
Sanitation	1,275,365	1,280,173	-	-	-	4,808	4,808
Total business-type activities	5,620,005	5,634,587	612	4,270	-	19,464	19,464
Total all activities	15,452,357	5,972,154	154,378	120,894	(9,224,395)	19,464	(9,204,931)
General revenues:							
Taxes:							
Sales and use tax					4,859,407	-	4,859,407
Property tax, levied for general purposes					1,472,010	-	1,472,010
Specific ownership tax					106,377	-	106,377
Franchise tax					296,185	-	296,185
Severance tax					530,449	-	530,449
Transportation tax					355,914	-	355,914
Other taxes					30,828	-	30,828
Mineral lease revenue					913,081	-	913,081
Investment earnings					4,990	4,311	9,301
Grants and contributions not restricted to specific programs					69,870	-	69,870
Operating cost reimbursement					-	169,881	169,881
Miscellaneous					61,483	60,540	122,023
Gain (loss) on disposal of capital assets					14,000	-	14,000
Transfers					(500,000)	500,000	-
Total general revenues, special items, and transfers					8,214,594	734,732	8,949,326
Change in net position					(1,009,801)	754,196	(255,605)
Net Position - Beginning					19,904,098	22,353,918	42,258,016
Net Position - Ending					18,894,297	23,108,114	42,002,411

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

FUND FINANCIAL STATEMENTS

City of Craig, Colorado
Balance Sheet
Governmental Funds
December 31, 2014

	General	ACET	Capital Projects	Total Governmental Funds
Assets:				
Cash and cash equivalents	4,163,939	227,282	369,386	4,760,607
Receivables, net				
Property tax	1,293,690	-	152,235	1,445,925
Accounts	927,836	-	2,916	930,752
Total Assets	<u>6,385,465</u>	<u>227,282</u>	<u>524,537</u>	<u>7,137,284</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	113,634	848	-	114,482
Accrued payroll	294,866	-	-	294,866
Total Liabilities	<u>408,500</u>	<u>848</u>	<u>-</u>	<u>409,348</u>
Deferred Inflows of Resources:				
Unavailable property tax	1,293,690	-	152,235	1,445,925
Total Deferred Inflows of Resources	<u>1,293,690</u>	<u>-</u>	<u>152,235</u>	<u>1,445,925</u>
Fund Balances:				
Restricted to:				
TABOR emergency reserve	278,372	-	-	278,372
Assigned to:				
Public safety	-	226,434	-	226,434
Capital projects	-	-	372,302	372,302
Unassigned	4,404,903	-	-	4,404,903
Total Fund Balances	<u>4,683,275</u>	<u>226,434</u>	<u>372,302</u>	<u>5,282,011</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>6,385,465</u>	<u>227,282</u>	<u>524,537</u>	<u>7,137,284</u>

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

City of Craig, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2014

Total Fund Balances of Governmental Funds 5,282,011

Amounts reported for governmental activities
in the Statement of Net Position are different because:

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

Capital assets	53,009,978	
Accumulated depreciation	<u>(39,479,320)</u>	13,530,658

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

Compensated absences	(368,851)
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Internal service funds are used by management for medical benefits.
The assets and liabilities of the internal service funds are included
in governmental activities in the Statement of Net Position.

450,479

Net Position of Governmental Activities

18,894,297

City of Craig, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2014

	<u>General</u>	<u>ACET</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	7,438,934	-	166,890	7,605,824
Licenses and permits	59,179	-	-	59,179
Intergovernmental revenue	1,210,317	58,869	-	1,269,186
Charges for services	194,115	-	-	194,115
Fines and forfeitures	45,150	-	-	45,150
Investment earnings	4,489	-	501	4,990
Miscellaneous	68,078	17,529	15,000	100,607
Total Revenues	<u>9,020,262</u>	<u>76,398</u>	<u>182,391</u>	<u>9,279,051</u>
Expenditures:				
Current				
General government	1,238,121	-	3,106	1,241,227
Judicial	64,928	-	-	64,928
Public safety	3,378,557	33,989	-	3,412,546
Road and bridge	2,330,694	-	-	2,330,694
Community development	172,658	-	-	172,658
Parks and recreation	1,371,505	-	-	1,371,505
Capital outlay	294,350	10,584	113,016	417,950
Total Expenditures	<u>8,850,813</u>	<u>44,573</u>	<u>116,122</u>	<u>9,011,508</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>169,449</u>	<u>31,825</u>	<u>66,269</u>	<u>267,543</u>
Other Financing Sources (Uses):				
Transfer to other funds	(500,000)	-	-	(500,000)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net Change in Fund Balance	<u>(330,551)</u>	<u>31,825</u>	<u>66,269</u>	<u>(232,457)</u>
Fund Balances - Beginning	<u>5,013,826</u>	<u>194,609</u>	<u>306,033</u>	<u>5,514,468</u>
Fund Balances - Ending	<u>4,683,275</u>	<u>226,434</u>	<u>372,302</u>	<u>5,282,011</u>

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

City of Craig, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances of Governmental Funds (232,457)

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

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

Capital outlay	582,678	
Depreciation expense	<u>(1,326,401)</u>	(743,723)

Changes in accrued compensated absences are considered changes
in long-term liabilities. This is the change in compensated absences
during the year. (11,074)

Gains and losses from the disposal of assets affect the net position
of governmental activities, but do not affect current financial resources;
therefore, are not recorded in the funds. 14,000

Internal service fund is used by management for medical benefits.
The net income (loss) of certain activities of the internal service fund are
reported with governmental activities on the Statement of Activities. (36,547)

Change in Net Position of Governmental Activities (1,009,801)

City of Craig, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2014

	Enterprise Funds			Total	Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund		
Assets:					
Current assets:					
Cash and cash equivalents	2,476,353	1,100,037	1,018,923	4,595,313	146,767
Receivables, net of allowance for uncollectibles	403,156	173,609	158,775	735,540	-
Inventory	327,766	19,295	-	347,061	-
Total current assets	<u>3,207,275</u>	<u>1,292,941</u>	<u>1,177,698</u>	<u>5,677,914</u>	<u>146,767</u>
Non-current assets:					
Non-depreciable capital assets	1,522,803	402,535	-	1,925,338	-
Depreciable capital assets, net	16,726,245	3,040,561	686,560	20,453,366	-
Total non-current assets	<u>18,249,048</u>	<u>3,443,096</u>	<u>686,560</u>	<u>22,378,704</u>	<u>-</u>
Total Assets	<u>21,456,323</u>	<u>4,736,037</u>	<u>1,864,258</u>	<u>28,056,618</u>	<u>146,767</u>
Liabilities:					
Current liabilities:					
Accounts payable	73,675	97,354	25,985	197,014	-
Accrued payroll	52,184	35,235	31,555	118,974	-
Accrued interest payable	43,436	151	-	43,587	-
Compensated absences	37,433	21,451	26,067	84,951	-
Notes payable - current	268,807	74,905	-	343,712	-
Total current liabilities	<u>475,535</u>	<u>229,096</u>	<u>83,607</u>	<u>788,238</u>	<u>-</u>
Long-term liabilities:					
Notes payable - non-current	3,856,553	-	-	3,856,553	-
Total Liabilities	<u>4,332,088</u>	<u>229,096</u>	<u>83,607</u>	<u>4,644,791</u>	<u>-</u>
Net Position:					
Net invested in capital assets	14,123,688	3,443,096	686,560	18,253,344	-
Unrestricted	3,000,547	1,063,845	1,094,091	5,158,483	146,767
Total Net Position	<u>17,124,235</u>	<u>4,506,941</u>	<u>1,780,651</u>	<u>23,411,827</u>	<u>146,767</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(303,713)</u>	
Net Position of Business Type Activities				<u>23,108,114</u>	

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

City of Craig, Colorado
Statement of Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds				Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund	Total	
Operating Revenues:					
Charges for services	2,865,621	1,486,226	1,280,173	5,632,020	1,942,355
Operating cost reimbursement	169,881	-	-	169,881	-
Miscellaneous	53,694	6,466	2,947	63,107	1,453
Total Operating Revenues	<u>3,089,196</u>	<u>1,492,692</u>	<u>1,283,120</u>	<u>5,865,008</u>	<u>1,943,808</u>
Operating Expenses:					
Salaries	730,089	483,071	425,522	1,638,682	-
Employee benefits	343,550	219,456	216,730	779,736	63,568
Depreciation	565,336	275,455	174,107	1,014,898	-
Repairs and maintenance	590,323	154,959	24,702	769,984	-
Utilities	213,753	148,762	6,448	368,963	-
Landfill fees	-	-	286,619	286,619	-
Chemicals	118,873	18,758	-	137,631	-
Insurance and bonds	57,719	27,125	18,353	103,197	1,930,783
Supplies	41,486	34,013	96,361	171,860	-
Other purchased services	94,900	50,931	22,872	168,703	-
Total Operating Expenses	<u>2,756,029</u>	<u>1,412,530</u>	<u>1,271,714</u>	<u>5,440,273</u>	<u>1,994,351</u>
Operating Income (Loss)	<u>333,167</u>	<u>80,162</u>	<u>11,406</u>	<u>424,735</u>	<u>(50,543)</u>
Non-operating Revenues (Expenses):					
Investment earnings	2,483	1,121	707	4,311	58
Interest expense	(107,717)	(849)	-	(108,566)	-
Intergovernmental	612	-	-	612	-
Lease fees	(48,451)	(8,775)	-	(57,226)	-
Total Non-operating Revenues	<u>(153,073)</u>	<u>(8,503)</u>	<u>707</u>	<u>(160,869)</u>	<u>58</u>
Income (Loss) Before Contributions and Transfers	180,094	71,659	12,113	263,866	(50,485)
Capital Contributions (tap fees)	4,270	-	-	4,270	-
Capital Transfers	250,000	250,000	-	500,000	-
Change in Net Position	434,364	321,659	12,113	768,136	(50,485)
Total Net Position - Beginning	16,689,871	4,185,282	1,768,538	22,643,691	197,252
Total Net Position - Ending	<u>17,124,235</u>	<u>4,506,941</u>	<u>1,780,651</u>	<u>23,411,827</u>	<u>146,767</u>
Change in Net Position of Enterprise Funds				768,136	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(13,940)	
Change in Net Position of Business Type Activities				<u>754,196</u>	

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

City of Craig, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds				Internal Service Fund
	Water Fund	Wastewater Fund	Sanitation Fund	Total	
Cash Flows From Operating Activities:					
Cash received from customers and others	2,860,439	1,466,069	1,319,918	5,646,426	2,273,704
Cash paid for goods and services	(1,085,700)	(381,405)	(457,117)	(1,924,222)	(2,167,736)
Cash paid to employees	(1,071,077)	(694,188)	(630,313)	(2,395,578)	-
Other cash receipts	53,694	6,466	2,947	63,107	1,453
Net Cash Provided (Used) by Operating Activities	<u>757,356</u>	<u>396,942</u>	<u>235,435</u>	<u>1,389,733</u>	<u>107,421</u>
Cash Flows From Non-capital Financing Activities:					
Net operating transfers in (out)	250,000	-	-	250,000	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(264,647)	(119,901)	(8,625)	(393,173)	-
Capital grants and contributions	4,882	-	-	4,882	-
Principal paid on capital debt	(263,321)	(69,554)	-	(332,875)	-
Interest paid on capital debt	(110,196)	(1,823)	-	(112,019)	-
Lease fees	(48,451)	(8,775)	-	(57,226)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(681,733)</u>	<u>(200,053)</u>	<u>(8,625)</u>	<u>(890,411)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest on investments	2,484	1,121	705	4,310	58
Net Cash Provided (Used) by Investing Activities	<u>2,484</u>	<u>1,121</u>	<u>705</u>	<u>4,310</u>	<u>58</u>
Net Change in Cash and Cash Equivalents	328,107	198,010	227,515	753,632	107,479
Cash and Cash Equivalents - Beginning	<u>2,148,246</u>	<u>902,027</u>	<u>791,408</u>	<u>3,841,681</u>	<u>39,288</u>
Cash and Cash Equivalents - Ending	<u>2,476,353</u>	<u>1,100,037</u>	<u>1,018,923</u>	<u>4,595,313</u>	<u>146,767</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	333,167	80,162	11,406	424,735	(50,543)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	565,336	275,455	174,107	1,014,898	-
(Increase) decrease in accounts receivable	(175,063)	(20,157)	39,745	(155,475)	331,349
(Increase) decrease in inventories	22,944	5,040	-	27,984	-
Increase (decrease) in accounts payable	8,410	48,103	(1,762)	54,751	-
Increase (decrease) in claims payable	-	-	-	-	(173,385)
Increase (decrease) in accrued payroll	3,397	5,584	2,678	11,659	-
Increase (decrease) in compensated absences	(835)	2,755	9,261	11,181	-
Total Adjustments	<u>424,189</u>	<u>316,780</u>	<u>224,029</u>	<u>964,998</u>	<u>157,964</u>
Net Cash Provided by Operating Activities	<u>757,356</u>	<u>396,942</u>	<u>235,435</u>	<u>1,389,733</u>	<u>107,421</u>

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

NOTES TO THE FINANCIAL STATEMENTS

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

1. Component Unit

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

The Center of Craig

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

2. Joint Venture

Craig/Moffat County Airport Joint Operations

The Craig/Moffat County Airport was created for the purposes of operating an airport for the benefit of the citizens of Craig and unincorporated Moffat County. The City provides a small amount of funding for on-going airport operations. The Airport is included in the financial statements of Moffat County.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

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

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

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

2. Fund Financial Statements

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

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The City reports the following governmental funds:

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

The *ACET Fund* accounts for the activities of ACET and the Criminal Justice Grant.

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

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

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

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

1. Long-term Economic Focus and Accrual Basis

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn on demand and investments with maturities of three months or less.

2. Investments

Investments are stated at fair value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. As of December 31, 2014, the City believes all receivable balances are collectible.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Property Taxes

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

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

6. Inventory

Inventories are recorded at average cost.

7. Capital Assets

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

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

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Compensated Absences

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

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

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only when due.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category. The item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

10. Fund Balance

The City classifies governmental fund balances as follows:

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

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

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

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designee.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Fund Balance (continued)

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

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

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

11. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado Statutes and the Home Rule Charter, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2014.

1. For the 2014 budget year, prior to August 25, 2013, the County Assessor sent to the City an assessed valuation of all taxable property within the City's boundaries.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

2. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2013, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
3. Prior to December 15, 2013, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the City may make the following changes:
a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2013 were collected in 2014 and taxes certified in 2014 will be collected in 2015. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$278,372, which is the approximate required reserve at December 31, 2014.

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is 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 equal to the aggregate uninsured deposits.

At December 31, 2014, the carrying value of the City’s deposits was \$558,358. The bank balance of these accounts was \$570,691. The FDIC insures the first \$250,000 of the Town’s deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The difference between carrying and bank balances represents items that had not cleared the bank at year end. The City also had cash on hand of \$2,570.

At year end, the City had the following investments and maturities:

<u>Investment Pool</u>	<u>S&P Rating</u>	<u>Amount</u>
Colotrust	AAAm	\$ 6,758,885
CSIP	AAAm	2,003,105
Csafe	AAAm	176,864
Total		<u>\$ 8,938,854</u>

The City’s holding in an investment pool is comprised of balances with COLOTRUST, CSIP and CSAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight for the pools.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the City has limited its interest rate risk.

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

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

<u>Deposits and Investments</u>	
Deposits	\$ 561,263
Cash on hand	2,570
Investment pools	8,938,854
	<u>\$ 9,502,687</u>
<u>Financial Statement Captions</u>	
Cash and cash equivalents:	
Governmental activities	\$ 4,907,374
Business-type activities	4,595,313
	<u>\$ 9,502,687</u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,049,262	29,500	-	1,078,762
Total capital assets, not being depreciated	<u>1,049,262</u>	<u>29,500</u>	<u>-</u>	<u>1,078,762</u>
Capital assets, being depreciated				
Infrastructure	41,322,155	270,124	-	41,592,279
Buildings and improvements	3,767,571	-	-	3,767,571
Vehicles and equipment	6,464,503	297,054	(190,191)	6,571,366
Total capital assets being depreciated	<u>51,554,229</u>	<u>567,178</u>	<u>(190,191)</u>	<u>51,931,216</u>
Less accumulated depreciation for:				
Infrastructure	(31,822,418)	(622,641)	-	(32,445,059)
Buildings and improvements	(1,620,526)	(108,873)	-	(1,729,399)
Vehicles and equipment	(4,900,166)	(594,888)	190,191	(5,304,863)
Total accumulated depreciation	<u>(38,343,110)</u>	<u>(1,326,402)</u>	<u>190,191</u>	<u>(39,479,321)</u>
Total capital assets being depreciated, net	<u>13,211,119</u>	<u>(759,224)</u>	<u>-</u>	<u>12,451,895</u>
Governmental activities capital assets, net	<u>\$ 14,260,381</u>	<u>(729,724)</u>	<u>-</u>	<u>13,530,657</u>

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,719,009	-	-	1,719,009
Construction in progress	-	206,331	-	206,331
Total capital assets, not being depreciated	<u>1,719,009</u>	<u>206,331</u>	<u>-</u>	<u>1,925,340</u>
Capital assets, being depreciated				
Infrastructure and buildings	35,368,097	389,823	-	35,757,920
Vehicles and equipment	4,442,225	47,019	(62,798)	4,426,446
Total capital assets being depreciated	<u>39,810,322</u>	<u>436,842</u>	<u>(62,798)</u>	<u>40,184,366</u>
Less accumulated depreciation for:				
Infrastructure and buildings	(15,552,506)	(735,202)	-	(16,287,708)
Vehicles and equipment	(3,226,396)	(279,694)	62,798	(3,443,292)
Total accumulated depreciation	<u>(18,778,902)</u>	<u>(1,014,896)</u>	<u>62,798</u>	<u>(19,731,000)</u>
Total capital assets being depreciated, net	<u>21,031,420</u>	<u>(578,054)</u>	<u>-</u>	<u>20,453,366</u>
Business-type activities capital assets, net	<u>\$ 22,750,429</u>	<u>(371,723)</u>	<u>-</u>	<u>22,378,706</u>

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

Governmental Activities:

General government	\$ 365,757
Public safety	132,059
Road and bridge	593,081
Parks and recreation	235,505
Total depreciation - governmental activities	<u>\$ 1,326,402</u>

Business-type Activities:

Water	\$ 565,336
Wastewater	275,454
Sanitation	174,106
Total depreciation - business-type activities	<u>\$ 1,014,896</u>

C. Interfund Receivables, Payables, and Transfers

Business-type activities owed governmental activities \$303,713 at December 31, 2014 as a result of internal service fund activity of the enterprise funds being consolidated into the governmental activities.

A transfer of \$500,000 was made from the General Fund, of which \$250,000 went to the Water Fund and \$250,000 went to the Wastewater Fund for capital projects.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Liabilities

1. Colorado Water Resources and Power Development Authority Note – 1995

In 1995, the City entered into an agreement with the Colorado Water Resources and Power Development Authority. The City's participation related to the Authority's 1995 Series A, Clean Water Revenue Bond Issue, to finance improvements to the City's wastewater system. The improvements are financed by a twenty-year note in the amount of \$1,096,820, with an effective interest rate of 4.58%, payable in annual installments of varying amounts. In 2001, the underlying bonds were refinanced, resulting in a reduction in the effective interest rate to 4.36%.

2. Colorado Water Resources and Power Development Authority Note – 2006

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

Both the 1995 and 2006 notes include covenants requiring certain levels of fund equity and ratios of operating income to debt service. Management believes it is in compliance with the loan covenants.

3. Debt Service Requirements

<u>Year</u>	<u>CWRPDA Note 1995</u>	<u>CWRPDA Note 2006</u>	<u>Total</u>
2015	\$ 79,362	421,504	500,866
2016	-	419,080	419,080
2017	-	421,979	421,979
2018	-	419,070	419,070
2019	-	417,325	417,325
2020-2024	-	2,099,117	2,099,117
2025-2027	-	1,255,337	1,255,337
Total	79,362	5,453,412	5,532,774
Less: interest	(4,457)	(1,328,053)	(1,332,510)
Bonds outstanding	<u>\$ 74,905</u>	<u>4,125,359</u>	<u>4,200,264</u>

4. Accrued Compensated Absences

Earned but unused vacation and sick benefits amounted to \$368,851 in governmental activities and \$84,951 in business-type activities at December 31, 2014.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Long-term Liabilities (continued)

5. Schedule of Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 357,777	11,074	-	368,851	-
Total Governmental Activities Long-term Liabilities	<u>\$ 357,777</u>	<u>11,074</u>	<u>-</u>	<u>368,851</u>	<u>-</u>
Business-type Activities:					
CWRPDA - Note payable 1995	\$ 4,388,680	-	(263,321)	4,125,359	268,807
CWRPDA - Note payable 2006	144,460	-	(69,555)	74,905	74,905
Compensated absences	73,770	11,181	-	84,951	-
Total Business-type Activities Long-term Liabilities	<u>\$ 4,606,910</u>	<u>11,181</u>	<u>(332,876)</u>	<u>4,285,215</u>	<u>343,712</u>

V. Other Information

A. Pension Plans

1. Deferred Compensation Plan – Section 457

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

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

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

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

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

2. Deferred Compensation Plan - Section 401(a)

The City participates in a defined contribution retirement plan covering all full-time employees. The plan is administrated by ICMA Retirement Corporation, and the City has no fiduciary responsibility for the plan. The City contributes 12% of the compensation, and the employees contribute 6%. Plan contributions for the year ended December 31, 2014, were \$665,096 for the City and \$332,546 for the employees. The plan vests at a rate of 20% per year and is fully vested after five years. Unvested City contributions for employees who leave employment before five years are used to reduce the City's current period contribution requirement. As of December 31, 2014, the plan had 61 employees fully vested and 19 non-vested employees.

B. Commitments and Contingencies

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

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

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability. The City carries commercial and trust coverage for these risks and does not expect claims to exceed their coverage.

The following represent the changes in approximate claims liability for the City for the year ended December 31, 2014:

Liability balance December 31, 2013	\$ 173,385
Incurred claims, including IBNR	62,477
Claims paid	<u>(235,862)</u>
Liability balance December 31, 2014	<u><u>\$ -</u></u>

During 2014, the City stopped covering its employees' health and life insurance claims internally and enrolled in the Colorado Employer Benefit Trust ("CEBT") for coverage.

City of Craig, Colorado
Notes to the Financial Statements
December 31, 2014
(Continued)

V. Other Information (continued)

D. Intergovernmental Agreement

On October 21, 2014, the City entered into an agreement with the Colorado River Water Conservation District ("CRWCD"). The agreement specifies the allocation of expenses for the operation, maintenance, repair and replacement of Elkhead Reservoir. Recreation facility and management expenses at Elkhead Reservoir shall be allocated 50% to the City and 50% to CRWCD. All other operation, maintenance, repair and replacement costs shall be allocated 51.75% to the City and 48.25% to CRWCD. During 2014, the City received reimbursement of operating expenses of \$139,696 for 2007 through 2013, and \$30,185 for 2014.

REQUIRED SUPPLEMENTARY INFORMATION

City of Craig, Colorado
Schedule of Revenues
Budget and Actual
General Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	<u>2014</u>			<u>Final Budget</u>	<u>2013</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
General property taxes	1,316,560	1,316,560	1,316,320	(240)	1,439,548
Highway user taxes	300,000	300,000	310,569	10,569	308,029
Specific ownership taxes	70,000	70,000	95,177	25,177	103,522
Sales tax	4,933,100	4,933,100	4,859,407	(73,693)	4,875,898
Franchise tax	300,000	300,000	296,185	(3,815)	298,865
Severance tax	265,000	265,000	530,449	265,449	359,973
Interest and penalties	-	-	6,737	6,737	7,297
Cigarette tax	25,000	25,000	24,091	(909)	24,977
Total Taxes	<u>7,209,660</u>	<u>7,209,660</u>	<u>7,438,935</u>	<u>229,275</u>	<u>7,418,109</u>
Licenses and Permits:					
Building permits	26,000	26,000	49,251	23,251	45,267
Miscellaneous	11,930	11,930	9,928	(2,002)	9,634
Total Licenses and Permits	<u>37,930</u>	<u>37,930</u>	<u>59,179</u>	<u>21,249</u>	<u>54,901</u>
Intergovernmental:					
Motor vehicle tax	45,000	45,000	45,345	345	50,747
State grants	554,500	554,500	69,870	(484,630)	1,220
Mineral lease	753,000	753,000	913,081	160,081	756,991
State lottery	90,000	90,000	87,124	(2,876)	99,571
Public safety grants	84,080	84,080	94,897	10,817	93,347
Total Intergovernmental	<u>1,526,580</u>	<u>1,526,580</u>	<u>1,210,317</u>	<u>(316,263)</u>	<u>1,001,876</u>
Charges for Services:					
Recreation program fees	89,700	89,700	82,724	(6,976)	79,032
Swimming pool fees	115,040	115,040	107,123	(7,917)	107,181
Concessions	5,000	5,000	4,267	(733)	22,460
Total Charges for Services	<u>209,740</u>	<u>209,740</u>	<u>194,114</u>	<u>(15,626)</u>	<u>208,673</u>
Fines and Forfeitures	<u>60,000</u>	<u>60,000</u>	<u>45,150</u>	<u>(14,850)</u>	<u>59,408</u>
Investment Earnings	<u>5,150</u>	<u>5,150</u>	<u>4,489</u>	<u>(661)</u>	<u>5,746</u>
Miscellaneous:					
Rents and royalties	11,000	11,000	21,595	10,595	21,058
Miscellaneous	18,000	18,000	46,483	28,483	13,306
Proceeds from sale of assets	-	-	-	-	20,000
Total Miscellaneous	<u>29,000</u>	<u>29,000</u>	<u>68,078</u>	<u>39,078</u>	<u>54,364</u>
Total Revenues	<u>9,078,060</u>	<u>9,078,060</u>	<u>9,020,262</u>	<u>(57,798)</u>	<u>8,803,077</u>

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

City of Craig, Colorado
Schedule of Expenditures
Budget and Actual
General Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	<u>2014</u>			<u>Final Budget</u>	<u>2013</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Expenditures:					
General Government:					
City council	269,525	269,525	265,870	3,655	347,247
Administration	383,290	383,290	355,754	27,536	357,854
Engineering	92,850	92,850	49,748	43,102	113,330
Finances	305,910	305,910	290,562	15,348	287,404
Clerk and personnel	227,950	227,950	130,672	97,278	218,093
Building maintenance	90,570	90,570	75,999	14,571	74,759
City attorney	71,270	71,270	69,516	1,754	155,713
Total General Government	<u>1,441,365</u>	<u>1,441,365</u>	<u>1,238,121</u>	<u>203,244</u>	<u>1,554,400</u>
Judicial:					
Municipal	65,880	65,880	64,928	952	66,905
Total Judicial	<u>65,880</u>	<u>65,880</u>	<u>64,928</u>	<u>952</u>	<u>66,905</u>
Public Safety:					
Police	3,755,740	3,775,740	3,378,557	397,183	3,758,767
Total Public Safety	<u>3,755,740</u>	<u>3,775,740</u>	<u>3,378,557</u>	<u>397,183</u>	<u>3,758,767</u>
Road and bridge	<u>2,737,690</u>	<u>2,841,990</u>	<u>2,330,694</u>	<u>511,296</u>	<u>2,489,584</u>
Community Development	<u>179,440</u>	<u>179,440</u>	<u>172,658</u>	<u>6,782</u>	<u>178,458</u>
Parks and Recreation					
General operations	1,383,630	1,392,730	841,733	550,997	875,558
Pool complex	379,125	379,125	332,877	46,248	354,921
Center of Craig	31,400	31,400	24,263	7,137	31,367
Recreation programs	248,430	248,430	172,632	75,798	218,347
Total Parks and Recreation	<u>2,042,585</u>	<u>2,051,685</u>	<u>1,371,505</u>	<u>680,180</u>	<u>1,480,193</u>
Capital Outlay	<u>627,000</u>	<u>627,000</u>	<u>294,350</u>	<u>332,650</u>	<u>510,514</u>
Total Expenditures	10,849,700	10,983,100	8,850,813	2,132,287	10,038,821
Transfers Out	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u><u>11,349,700</u></u>	<u><u>11,483,100</u></u>	<u><u>9,350,813</u></u>	<u><u>2,132,287</u></u>	<u><u>10,038,821</u></u>

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

City of Craig, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
ACET Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	<u>2014</u>			Final Budget Variance Positive (Negative)	<u>2013</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Grants	56,400	56,400	58,869	2,469	71,692
Miscellaneous	-	-	17,529	17,529	1,275
Total Revenues	<u>56,400</u>	<u>56,400</u>	<u>76,398</u>	<u>19,998</u>	<u>72,967</u>
Expenditures:					
Public safety	70,670	70,670	33,989	36,681	41,400
Capital outlay	-	10,600	10,584	16	202
Total Expenditures	<u>70,670</u>	<u>81,270</u>	<u>44,573</u>	<u>36,697</u>	<u>41,602</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,270)</u>	<u>(24,870)</u>	<u>31,825</u>	<u>56,695</u>	<u>31,365</u>
Fund Balances - Beginning			<u>194,609</u>		<u>163,244</u>
Fund Balances - Ending			<u><u>226,434</u></u>		<u><u>194,609</u></u>

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

SUPPLEMENTARY INFORMATION

City of Craig, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	<u>2014</u>			Final Budget Variance Positive (Negative)	<u>2013</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	154,950	154,950	155,690	740	168,948
Specific ownership taxes	6,500	6,500	11,200	4,700	11,205
Investment earnings	500	500	501	1	735
Miscellaneous	188,905	188,905	15,000	(173,905)	-
Total Revenues	<u>350,855</u>	<u>350,855</u>	<u>182,391</u>	<u>(168,464)</u>	<u>180,888</u>
Expenditures:					
Treasurer's fees	3,000	3,000	3,106	(106)	3,347
Capital outlay	308,905	308,905	113,016	195,889	242,679
Total Expenditures	<u>311,905</u>	<u>311,905</u>	<u>116,122</u>	<u>195,783</u>	<u>246,026</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,950</u>	<u>38,950</u>	<u>66,269</u>	<u>27,319</u>	<u>(65,138)</u>
Fund Balances - Beginning			<u>306,033</u>		<u>371,171</u>
Fund Balances - Ending			<u>372,302</u>		<u>306,033</u>

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

City of Craig, Colorado
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Water Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	2014			Final Budget Variance Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	2,954,800	2,954,800	2,865,621	(89,179)	2,985,485
Meter sales	2,000	2,000	2,567	567	1,293
Tap fees	-	-	4,270	4,270	4,270
Investment earnings	1,500	1,500	2,483	983	2,263
Intergovernmental	-	-	612	612	2,587
Transfer from other funds	250,000	250,000	250,000	-	-
Operating cost reimbursement	-	-	169,881	169,881	-
Miscellaneous	20,000	20,000	51,127	31,127	67,002
Total Revenues	<u>3,228,300</u>	<u>3,228,300</u>	<u>3,346,561</u>	<u>118,261</u>	<u>3,062,900</u>
Expenditures:					
Salaries	743,500	743,500	730,089	13,411	791,112
Employee benefits	366,110	366,110	343,550	22,560	388,436
Repairs and maintenance	618,500	627,500	590,323	37,177	417,329
Utilities	211,500	211,500	213,753	(2,253)	222,575
Chemicals	143,500	143,500	118,873	24,627	141,523
Insurance and bonds	52,950	52,950	57,719	(4,769)	49,867
Supplies	82,550	82,550	41,486	41,064	60,564
Other purchased services	157,300	157,300	94,900	62,400	59,417
Capital outlay	365,000	535,000	264,648	270,352	77,329
Interest expense	110,150	110,150	107,717	2,433	113,251
Lease fees	48,500	48,500	48,451	49	48,451
Debt principal	263,320	263,320	263,321	(1)	257,835
Total Expenditures	<u>3,162,880</u>	<u>3,341,880</u>	<u>2,874,830</u>	<u>467,050</u>	<u>2,627,689</u>
Change in Net Position - Budget Basis	<u>65,420</u>	<u>(113,580)</u>	<u>471,731</u>	<u>585,311</u>	<u>435,211</u>
Reconciliation to GAAP Basis:					
Depreciation			(565,336)		(562,049)
Debt principal			263,321		257,835
Capital outlay			264,648		77,329
Gain (loss) on disposal of assets			-		12,500
Change in Net Position - GAAP Basis			<u>434,364</u>		<u>220,826</u>
Net Position - Beginning			<u>16,689,871</u>		<u>16,469,045</u>
Net Position - Ending			<u>17,124,235</u>		<u>16,689,871</u>

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

City of Craig, Colorado
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Wastewater Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	2014			Final Budget Variance Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	1,421,900	1,421,900	1,486,226	64,326	1,393,689
Investment earnings	1,000	1,000	1,121	121	1,162
Transfer from other funds	250,000	250,000	250,000	-	-
Miscellaneous	-	-	6,466	6,466	9,899
Total Revenues	<u>1,672,900</u>	<u>1,672,900</u>	<u>1,743,813</u>	<u>70,913</u>	<u>1,404,750</u>
Expenditures:					
Salaries	498,800	498,800	483,071	15,729	502,483
Employee benefits	228,910	228,910	219,456	9,454	239,387
Repairs and maintenance	190,500	190,500	154,959	35,541	127,760
Utilities	147,700	147,700	148,762	(1,062)	142,077
Chemicals	23,000	23,000	18,758	4,242	17,022
Insurance and bonds	25,620	25,620	27,125	(1,505)	24,279
Supplies	80,600	80,600	34,013	46,587	31,548
Other purchased services	63,800	63,800	50,931	12,869	49,362
Capital outlay	730,000	730,000	369,901	360,099	124,027
Interest expense	2,690	2,690	849	1,841	4,087
Lease fees	7,900	7,900	8,775	(875)	8,775
Debt principal	69,560	69,560	69,554	6	69,554
Total Expenditures	<u>2,069,080</u>	<u>2,069,080</u>	<u>1,586,154</u>	<u>482,926</u>	<u>1,340,361</u>
Change in Net Position - Budget Basis	<u>(396,180)</u>	<u>(396,180)</u>	<u>157,659</u>	<u>553,839</u>	<u>64,389</u>
Reconciliation to GAAP Basis:					
Depreciation			(275,455)		(286,411)
Debt principal			69,554		69,554
Capital outlay			369,901		124,027
Change in Net Position - GAAP Basis			<u>321,659</u>		<u>(28,441)</u>
Net Position - Beginning			<u>4,185,282</u>		<u>4,213,723</u>
Net Position - Ending			<u>4,506,941</u>		<u>4,185,282</u>

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

City of Craig, Colorado
Schedule of Revenues, Expenditures, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Sanitation Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	2014			Final Budget Variance Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for services	1,241,500	1,241,500	1,280,173	38,673	1,337,963
Miscellaneous revenue	-	-	2,947	2,947	4,160
Interest income	220	220	707	487	862
Total Revenues	<u>1,241,720</u>	<u>1,241,720</u>	<u>1,283,827</u>	<u>42,107</u>	<u>1,342,985</u>
Expenditures:					
Salaries	424,850	424,850	425,522	(672)	432,263
Employee benefits	225,210	225,210	216,730	8,480	231,287
Repairs and maintenance	39,500	39,500	24,702	14,798	23,967
Utilities	8,500	8,500	6,448	2,052	6,827
Landfill fees	350,000	350,000	286,619	63,381	312,756
Insurance and bonds	20,690	20,690	18,353	2,337	18,314
Supplies	176,750	176,750	96,361	80,389	98,946
Other purchased services	46,150	46,150	22,872	23,278	22,874
Capital outlay	202,500	202,500	8,624	193,876	410,527
Total Expenditures	<u>1,494,150</u>	<u>1,494,150</u>	<u>1,106,231</u>	<u>387,919</u>	<u>1,557,761</u>
Change in Net Position - Budget Basis	<u>(252,430)</u>	<u>(252,430)</u>	177,596	<u>430,026</u>	<u>(214,776)</u>
Reconciliation to GAAP Basis:					
Depreciation			(174,107)		(132,293)
Capital outlay			8,624		410,527
Gain from disposal of asset			-		22,000
Change in Net Position - GAAP Basis			<u>12,113</u>		<u>85,458</u>
Net Position - Beginning			<u>1,768,538</u>		<u>1,683,080</u>
Net Position - Ending			<u>1,780,651</u>		<u>1,768,538</u>

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

City of Craig, Colorado
Comparative Balance Sheets
Internal Services - Medical Benefit Fund
December 31, 2014 and 2013

	2014	2013
Assets:		
Cash and cash equivalents	146,767	39,288
Receivables, net	-	331,349
Total Assets	146,767	370,637
Liabilities and Fund Equity:		
Liabilities:		
Claims payable	-	173,385
Total Liabilities	-	173,385
Fund Equity:		
Unreserved	146,767	197,252
Total Fund Equity	146,767	197,252
Total Liabilities and Fund Balances	146,767	370,637

(continued)

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

City of Craig, Colorado
Schedule of Revenues, Expenses, and Changes in Fund Equity
Budget and Actual
Internal Services - Medical Benefit Fund
For the Year Ended December 31, 2014
(With Comparative Actual Amounts For 2013)

	2014			Final Budget Variance Positive (Negative)	2013
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges for services	2,011,000	2,011,000	1,942,355	(68,645)	2,125,116
Miscellaneous	-	-	1,453	1,453	776,460
Total Operating Revenues	<u>2,011,000</u>	<u>2,011,000</u>	<u>1,943,808</u>	<u>(67,192)</u>	<u>2,901,576</u>
Operating Expenses:					
Insurance premiums	2,131,000	2,131,000	1,930,783	200,217	636,038
Claims incurred	207,300	207,300	62,477	144,823	1,833,993
Administrative fees	-	-	1,091	(1,091)	52,394
Total Operating Expenses	<u>2,338,300</u>	<u>2,338,300</u>	<u>1,994,351</u>	<u>343,949</u>	<u>2,522,425</u>
Operating Income (Loss)	<u>(327,300)</u>	<u>(327,300)</u>	<u>(50,543)</u>	<u>276,757</u>	<u>379,151</u>
Non-operating Revenues (Expenses):					
Investment earnings			58	58	419
Total Non-operating Revenues	<u>-</u>	<u>-</u>	<u>58</u>	<u>58</u>	<u>419</u>
Net Income (Loss)	<u>(327,300)</u>	<u>(327,300)</u>	<u>(50,485)</u>	<u>276,815</u>	<u>379,570</u>
Fund Equity - Beginning			197,252		(182,318)
Fund Equity - Ending			<u>146,767</u>		<u>197,252</u>

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

City of Craig, Colorado
Statement of Cash Flows
Internal Services - Medical Benefit Fund
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities:		
Cash received from users	2,273,704	2,073,613
Cash received from reimbursements	1,453	776,460
Cash paid on claims	(235,862)	(2,161,719)
Cash paid for premiums and administration	(1,931,874)	(688,432)
Net Cash Provided (Used) by Operating Activities	<u>107,421</u>	<u>(78)</u>
 Cash Flows From Investing Activities:		
Interest received	58	419
Net Cash Provided (Used) by Investing Activities	<u>58</u>	<u>419</u>
 Net Change in Cash and Cash Equivalents	107,479	341
Cash and Cash Equivalents - Beginning	<u>39,288</u>	<u>38,947</u>
 Cash and Cash Equivalents - Ending	<u>146,767</u>	<u>39,288</u>
 Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Operating income (loss)	(50,543)	379,151
Adjustments to reconcile operating income (loss)		
to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	331,349	(51,503)
Increase (decrease) in claims payable	(173,385)	(327,726)
Total Adjustments	<u>157,964</u>	<u>(379,229)</u>
 Net Cash Provided by Operating Activities	<u>107,421</u>	<u>(78)</u>

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of CRAIG
		YEAR ENDING : December 2014
This Information From The Records Of City of Craig		Prepared By: Bruce M. Nelson, Finance Director Phone: 970-826-2007

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	663,965
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,772,264
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	22,842
2. General fund appropriations	1,845,235	b. Snow and ice removal	4,486
3. Other local imposts (from page 2)	260,897	c. Other	
4. Miscellaneous local receipts (from page 2)	1,511	d. Total (a. through c.)	27,328
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,463,557
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,107,643	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	355,914	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,463,557	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,463,557

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,463,557	2,463,557		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	154,520	a. Interest on investments	1,511
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	106,377	g. Other Misc. Receipts	
6. Total (1. through 5.)	106,377	h. Other	
c. Total (a. + b.)	260,897	i. Total (a. through h.)	1,511
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	310,569	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	45,345	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	45,345	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	355,914	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		5,250	5,250
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		383,139	383,139
(4). System Enhancement & Operation		275,576	275,576
(5). Total Construction (1) + (2) + (3) + (4)	0	658,715	658,715
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	663,965	663,965
			(Carry forward to page 1)

Notes and Comments: