
**CITY OF CRIPPLE CREEK,
COLORADO**
*FINANCIAL STATEMENTS
DECEMBER 31, 2012*



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Independent Auditors' Report

Honorable Mayor and Members
of the City Council
Cripple Creek, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Cripple Creek, Colorado (the City), as of and for the year ended December 31, 2012, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 and each major fund of the City of Cripple Creek, Colorado, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I - XIII and the budgetary comparison information on pages 38 - 40, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The comparative fund financial statements, the budgetary comparison schedule for the Water and Sewer Fund and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The comparative fund financial statements, the budgetary comparison schedule for the Water and Sewer Fund and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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.

Report on Summarized Comparative Information

We have previously audited the City's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

May 24, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Cripple Creek (City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2012. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$46,066,173 (total net assets) for the calendar year reported. This represents a decrease of \$1,736,640 or 3.6% over 2011. Much of the decrease was caused primarily from depreciation expense.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$36,650,838 include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$2,042,285 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unassigned net assets of \$7,373,050 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$8,285,793 this year. This compares to the prior year ending fund balance of \$8,496,155 showing a decrease of \$210,362 during the current year. Unassigned fund balance of \$6,243,508 for calendar year 2012 shows a \$96,501 decrease, or 1.5% from the prior year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$6,242,508, or 101% of total General Fund annual expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or

paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and device fees and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, culture and recreation, interest and streets. The business-type activity includes the water and sewer system.

The government-wide financial statements are presented on pages 4 & 5 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported. All of the City's funds are classified as major.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 6 - 9 of this report.

The *Proprietary fund* is reported in the fund financial statements and generally report services for which the City charges customers a fee. The one City proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 10 - 12 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the General Fund and the major special revenue fund. Budgetary comparison schedules for the Enterprise Fund can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 38 – 40, and other additional material on page 45 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules of these funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City's net position at calendar year-end are \$46,066,173. Note that governmental activities encompass the City's General and Historic Preservation Funds. The business activities encompass the City's Enterprise Fund, which are primarily water collection/distribution and water/wastewater treatment. The following table provides a summary of the City's net position:

Summary of Net Position

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>	<u>% of Total</u>
Assets:				
Current assets	\$8,662,107	\$1,278,628	\$9,940,735	20.7%
Long -term assets	100,000	115,612	215,612	0.4%
Capital assets	<u>20,489,403</u>	<u>17,482,835</u>	<u>37,972,238</u>	78.9%
Total Assets	29,251,510	18,877,075	48,128,585	100%
Liabilities:				
Current liabilities	501,244	145,769	647,013	31.4%
Long-term liabilities	<u>99,721</u>	<u>1,315,678</u>	<u>1,415,399</u>	68.6%
Total Liabilities	600,965	1,461,447	2,062,412	100%
Net Position:	28,650,545	17,415,628	46,066,173	
Net investment in				
capital assets	20,489,403	16,161,435	36,650,838	79.6%
Restricted	2,042,285		2,042,285	4.4%
Unrestricted	<u>6,118,857</u>	<u>1,254,193</u>	<u>7,373,050</u>	16.0%
Total Net Position	<u>\$28,650,545</u>	<u>\$17,415,628</u>	<u>\$46,066,173</u>	100%
<i>Additional Information:</i>				
<i>Current Ratio</i>	17.3	8.8	15.4	
2011 Net Position	\$30,583,925	\$17,218,888	\$47,802,813	
2012 Net Position	\$28,650,545	\$17,415,628	\$46,066,173	
Dollar Change	\$(1,933,380)	\$196,740	\$(1,736,640)	
Percent Change	-6.3%	1.1%	-3.6%	

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 17.3 to 1 and 8.8 to 1 for business-type activities. For the City overall, the current ratio is 15.4 to 1. Governmental activities decreased primarily due to depreciation expense and business-type activities decreased because of expenditures on infrastructure and depreciation expense.

The City reported a decreased balance in net assets for the governmental activity and an increase in the business-type activities. Net assets decreased \$1,933,380, or -6.3% for governmental activities. Governmental activities net assets were down primarily because expenditures exceeded revenue. Thus, the City spent fund balance dollars on basic operations. Very few capital assets were added to the governmental funds in 2012 - \$245,246 compared to 2011 - 420,541. The business-type activities increased by \$196,740, or 1.1% for the year. Business-type activities had increased revenues and reduced expenses compared to the year before. The City's overall financial position decreased by \$1,736,640, or -3.6%.

Note that approximately 71.5% of the governmental activities' net assets are tied up in capital. The City uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 82.4% of the City's total net assets are included in capital assets.

The following three tables provide more detailed comparisons in the change of net assets from 2011 to 2012, by both governmental activities and business-type activities, as well as total net assets.

Summary of Change in Net Position for Governmental Activities 2012 Compared to 2011

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 8,662,107	\$ 8,508,518	\$ 153,589	1.8%
Long-term assets	100,000	350,000	(250,000)	-71.4%
Capital assets	<u>20,489,403</u>	<u>22,264,870</u>	<u>(1,775,467)</u>	-8.0%
Total Assets	29,251,510	31,123,388	(1,871,878)	-6.0%
Liabilities:				
Current liabilities	501,244	445,715	55,529	12.5%
Long-term liabilities	<u>99,721</u>	<u>93,748</u>	<u>5,973</u>	6.4%
Total Liabilities	600,965	539,463	61,502	11.4%
Net Position:	28,650,545	30,583,925	(1,933,380)	-6.3%
Net investment in				
capital assets	20,489,403	22,204,955	(1,715,552)	-7.7%
Restricted	2,042,285	2,156,146	(113,861)	-5.3%
Unrestricted	<u>6,118,857</u>	<u>6,222,824</u>	<u>(103,967)</u>	-1.7%
Total Net Position	\$ 28,650,545	\$ 30,583,925	\$ (1,933,380)	-6.3%

Summary of Statement of Net Position for Business-type Activities 2012 Compared to 2011

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 1,278,628	\$ 822,505	\$ 456,123	55.5%
Long-term assets	115,612	112,554	3,058	2.7%
Capital assets	<u>17,482,835</u>	<u>17,779,979</u>	<u>(297,144)</u>	-1.7%
Total Assets	18,877,075	18,715,038	162,037	0.9%
Liabilities:				
Current liabilities	145,769	143,157	2,612	1.8%
Long-term liabilities	<u>1,315,678</u>	<u>1,352,993</u>	<u>(37,315)</u>	-2.8%
Total Liabilities	1,461,447	1,496,150	(34,703)	-2.3%
Net Position:	17,415,628	17,218,888	196,740	1.1%
Net investment in				
capital assets	16,161,435	16,391,489	(230,054)	-1.4%
Unrestricted	<u>1,254,193</u>	<u>827,399</u>	<u>426,794</u>	51.6%
Total Net Position	<u>\$ 17,415,628</u>	<u>\$ 17,218,888</u>	<u>\$ 196,740</u>	1.1%

Summary of Statement of Total Net Position - 2012 Compared to 2011

	<u>2012</u>	<u>2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 9,940,735	\$ 9,331,023	\$609,712	6.5%
Long-term assets	215,612	462,554	(246,942)	-53.4%
Capital assets	<u>37,972,238</u>	<u>40,044,849</u>	<u>(2,072,611)</u>	-5.2%
Total Assets	48,128,585	49,838,426	(1,709,841)	-3.4%
Liabilities:				
Current liabilities	647,013	588,872	58,141	9.9%
Long-term liabilities	<u>1,415,399</u>	<u>1,446,741</u>	<u>(31,342)</u>	-2.2%
Total Liabilities	2,062,412	2,035,613	26,799	1.3%
Net Position:	46,066,173	47,802,813	(1,736,640)	-3.6%
Net investment in				
capital assets	36,650,838	38,596,444	(1,945,606)	-5.0%
Restricted	2,042,285	2,156,146	(113,861)	-5.3%
Unrestricted	<u>7,373,050</u>	<u>7,050,223</u>	<u>208,966</u>	3.0%
Total Net Position	\$ <u>46,066,173</u>	\$ <u>47,802,813</u>	\$ <u>(1,736,640)</u>	-3.6%

Summary of Statement of Activities - Net Position for Governmental and Business-type

	Governmental Activities	Business-Type Activities	Total	Percent of Total
Revenues:				
<i>Program Revenues:</i>				
Charges for Service	\$ 553,642	\$ 811,135	\$ 1,364,777	14.7%
Grants, contributions, etc.	38,559		38,559	0.4%
Total Program Revenues	592,201	811,135	1,403,336	15.1%
<i>General Revenues:</i>				
Property Taxes	117,263		117,263	1.2%
Sales Taxes	519,397		519,397	5.6%
Gaming Taxes	2,307,919		2,307,919	24.8%
Other Taxes	119,927		119,927	1.3%
Device Fees	2,750,041	1,826,759	4,576,800	49.1%
Investment Earnings	24,112	2,321	26,433	0.3%
Miscellaneous	95,712	147,007	242,719	2.6%
Total General Revenues	5,934,371	1,976,087	7,910,458	84.9%
Total Revenues	6,526,572	2,787,222	9,313,794	100.0%
Expenses:				
General Government	3,179,137		3,179,137	28.4%
Public Safety	3,051,971		3,051,971	27.2%
Streets	1,253,226		1,253,226	11.2%
Culture and Recreation	1,128,129		1,128,129	10.1%
Interest	2,097		2,097	0.0%
Water and Sewer		2,590,482	2,590,482	23.1%
Total Expenses	8,614,560	2,590,482	11,205,042	100.0%
Change in Net Position	(1,933,380)	196,740	(1,736,640)	
Beginning Net Position	30,583,925	17,218,888	47,802,813	
Ending Net Position	\$ 28,650,545	\$ 17,415,628	\$ 46,066,173	

GOVERNMENTAL REVENUES

The City is heavily reliant on gaming industry to generate revenues. 46% of governmental general revenues are device fees. Device fees, state gaming tax distribution to the general fund, and the distribution of gaming tax through the historic preservation fund make up 85% of all governmental activities revenue. The City levies device fees quarterly. However, beginning in July 2009 casinos are allowed to pay the fees monthly. Each casino pays a fee for each gaming device (slot machine, table, etc.). A current schedule of device fees may be obtained from the City's finance office 689-2502.

Although the City received \$117,263 in property taxes and \$519,397 in sales taxes, the gaming taxes, which are received annually from the State of Colorado, based on market share, make up 39% of governmental general revenues. Therefore, when you combine device fee revenue (46%) and gaming taxes (39%), the governmental revenues directly attributable to gaming is 85%. The City of Cripple Creek is very reliant on the gaming industry for its revenues. Three other sources of governmental revenues experienced the following changes for 2012: property taxes were down \$1,498 or 1.3% due to lower property valuations, sales tax collections were up \$63,640 or 14%. Investment earnings were down \$6,495 or 21%, due to lower interest rates for reinvestment and the amount of funds available to invest.

GOVERNMENTAL FUNCTIONAL EXPENSES

Eighty seven percent of total governmental expenditures are spent on general government, public safety and streets, which is one percent more than in 2011. The streets expenses include the depreciation of infrastructure.

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that is placed on the City's taxpayers by each of these functions.

Government Activities

	Total Cost of Services	Net Cost of Services
General Government	\$3,179,137	\$(2,909,535)
Public Safety	3,051,971	(3,009,765)
Streets	1,253,226	(1,094,158)
Culture & Recreation	1,128,129	(852,196)
Interest	2,097	(2,097)
Total	\$8,614,560	\$(7,867,751)

Although the City reports little program revenue, much of the general government functions, listed in the above table, are funded by device fees. Device fees are reported as general revenue, rather than program revenue, therefore, the net cost of services mirror the total cost of services.

The following table compares total cost of services for government activities in 2012 to those of 2011. Note that total costs of services decreased 3.9%.

Government Activities Total Cost of Service - 2012 Compared to 2011

	Total Cost 2012	Total Cost 2011	Dollar Change	Percent Change
General government	3,179,137	3,305,114	(125,977)	-3.8%
Public Safety	3,051,971	3,150,314	(98,343)	-3.1%
Streets	1,253,226	1,286,529	(33,303)	-2.6%
Culture & Recreation	1,128,129	1,219,000	(90,871)	-7.5%
Interest	2,097	-	2,097	
Total	\$ 8,614,560	\$ 8,960,957	\$ (346,397)	-3.9%

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The operating revenues for the water and sewer fund were up \$234,361, or 32% from 2011 due primarily to higher water sales to the CC&V Mine and operating expenses were up \$119,507 or 5% more than 2011. These activities reported a \$1,545,261 operating loss compared to an operating loss of \$1,660,115 for the prior year, a decrease of \$114,854 or 7%. Although operating losses are common in this fund, the user rates are not established to recover total cost since a portion of the device fees are included in this fund to offset the operating losses. As such, the total net position increased in calendar 2012 by \$196,740 versus a decrease of \$12,369 in calendar 2011. Personnel service costs (labor costs) decreased \$7,393 or 1% over 2011. Depreciation costs increased approximately \$13,590 over calendar 2011.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds (General and Historic Preservation Funds) are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$8,285,793. Of this year-end total, \$6,243,508, or 75% is unassigned indicating availability for continuing City service requirements. Legally restricted fund balances (i.e. the reserved fund balances) relates to the Tabor (Tax Payer Bill of Rights) requirement to set aside a portion of fund balance for emergencies, funds donated for a specific purpose and funds restricted for Historic Preservation totaled \$2,042,285. The total ending fund balances of governmental funds shows a decrease of \$210,362 or 2.5% compared to the prior year. Most of the decrease came from expenditures exceeding revenues for the year.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by \$78,332, or 1%. The 2012 property taxes decreased 1.3%. Property taxes represent only 2% of total general fund revenues. Sales taxes increased 14% in 2012. Device fees increased \$162,841 or 6%. Gaming taxes received by the general fund decreased \$100,142, or approximately 6.2%. The decrease was caused by a state-wide decrease in gaming taxes paid, which the City receives a portion of based on market share between the three towns. Investment earnings were down \$5,822 or 22.6%.

In the General Fund, the expenditures side shows a decrease of \$370,233 or 5.7% over the prior year. The General Fund's ending fund balance is considered adequate, representing the equivalent of 101% of annual expenditures. The figure was 102% for 2011.

The Historic Preservation Fund decreased its fund balance by \$132,030 or 7.1%. Revenues decreased 62,536, or 6.8% compared to 2011.

Budgetary Highlights

The following table highlights the 2012 adopted budget vs. the actual experience that was incurred during the year.

Budgetary Highlights by Fund

	2012 Adopted Budget	2012 Actual	Variance - Actual to Budget
General Fund:			
Revenues	5,931,712	6,076,264	144,552
Expenditures	6,173,248	6,154,596	18,652
Historic Preservation Fund:			
Revenues	876,600	854,916	(21,684)
Expenditures	938,322	986,946	(48,624)
Enterprise Fund:			
Revenues & Transfers	2,417,440	2,787,222	369,782
Expenditures	2,277,478	2,360,428	(82,950)

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2012, was \$20,489,403 and \$17,482,835 respectively. The total decrease in this net investment was 8.0% for governmental and a decrease of 1.7% for business-type activities. See Note 4 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$7,580,495	\$7,580,495	\$973,015	\$973,015	\$8,553,510	\$8,553,510
Water rights			1,636,124	1,611,812	1,636,124	1,611,812
Total non-depreciable	7,580,495	7,580,495	2,609,139	2,584,827	10,189,634	10,165,322
Depreciable assets:						
Land improvements			6,422,792	6,259,769	6,422,792	6,259,769
Buildings	14,680,587	14,640,018			14,680,587	14,640,018
Equipment	1,849,817	1,779,773	1,472,034	1,472,034	3,321,851	3,251,807
Infrastructure and plants	22,665,251	22,530,618	17,305,473	16,924,903	39,970,724	39,455,521
Total Depreciable assets	39,195,655	38,950,409	25,200,299	24,656,706	64,395,954	63,607,115
Less accumulated depreciation	26,286,747	24,266,034	10,326,603	9,461,554	36,613,350	33,727,588
Book value - depreciable assets	12,908,908	14,684,375	14,873,696	15,195,152	27,782,604	29,879,527
Percentage depreciated	67%	62%	41%	38%	57%	53%
Book value - all assets	\$20,489,403	\$22,264,870	\$17,482,835	\$17,779,979	\$37,972,238	\$40,044,849
Change in \$	(1,775,467)		(297,144)		(2,072,611)	
Change in %	-8.0%		-1.7%		-5.2%	

At December 31, 2012, the depreciable capital assets for governmental activities were 67% depreciated. This compares to 62% at December 31, 2011. With the City's business type activities, 41% of the asset values were depreciated at December 31, 2012 compared to 38% at December 31, 2011. Overall, the City percentage of assets depreciated in both governmental and business activity is 57%.

Long-term Debt

The governmental activities long-term debt consists of capital leases and compensated absences due to employees for earned, but untaken vacation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

City of Cripple Creek, Colorado

At the end of the calendar year in the water and sewer fund, the City had total bonded principal debt outstanding of \$1,321,400, which represents a decrease of 2.3% from 2011. The combined amount for both principal and interest is \$2,300,783, down \$73,113, or 3.1% from 2011. These bonds are supported by pledged revenues generated primarily by the water and sewer fund. This fund also reports notes payable and compensated absences payable.

**Outstanding
Borrowing**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>% Change</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Revenue Bonds	-	-	821,900	843,400	821,900	843,400	-2.5%
Capital Leases	-	59,915	-	35,990	-	95,905	100.0%
Notes			499,500	509,100	499,500	509,100	-1.9%
Compensated absences	124,651	117,185	33,723	39,473	158,374	156,658	1.1%
Total	124,651	177,100	1,355,123	1,427,963	1,479,774	1,605,063	-7.8%

See Note 5 for additional information about the City's long-term debt.

Economic Conditions Affecting the City

For the first time in a number of years, the City experienced an increase in its total revenues in 2012 – increasing by \$406,380, or 4.4%. Three main areas of revenue helped achieve the increase. These areas are:

- 1). Device Fees. Device Fees were up \$269,560, or 6.3%, due to the opening of The Rush Casino and expansions in the number of devices in Big Jim's Casino and the Colorado Grand Casino. However, The Rush Casino closed in early January 2013 and device revenues will most likely be down for 2013.
- 2). Water Sales. Water sales were up \$251,493, or 45%, compared to 2011. The Cripple Creek & Victor Mine had significantly higher water needs in 2012. However due to the likely drought conditions this year, the City may not be able to provide water at the level in 2013.
- 3). Sales Tax. Sales taxes were up \$63,640, or 14%, due to better overall economic conditions and the opening of the Dollar Store in July 2012.

These three sources combined for an additional \$584,693 in revenue for 2012. However, the City will most likely experience declining revenues in device fees and water sales for 2013.

Summary of Revenues and Expenditures

Total Revenues - All Funds	2012	2011	Dollar Change	Percent Change
General Fund	\$ 6,076,264	\$5,948,894	\$127,370	2.1%
Historic Preservation Fund	854,916	917,452	(62,536)	-6.8%
Enterprise Fund	2,787,222	2,445,676	341,546	14.0%
Total	9,718,402	9,312,022	406,380	4.4%

Total Expenditures - All Funds

	2012	2011	Dollar Change	Percent Change
General Fund	6,154,596	6,524,829	(370,233)	-5.7%
Historic Preservation Fund	986,946	1,106,156	(119,210)	-10.8%
Enterprise Fund	2,360,428	2,375,654	(15,226)	-0.6%
Total	<u>9,501,970</u>	<u>10,006,639</u>	<u>(504,669)</u>	<u>-5.0%</u>

Note that the above revenue and expenditure figures include a transfer from the Historic Preservation Fund to the General Fund for \$250,000 in 2011 and 2012.

Excess (Deficit) Revenues to Expenditures

	2012	2011	Dollar Change	Percent Change
General Fund	(78,332)	(575,935)	497,603	-86.4%
Historic Preservation Fund	(132,030)	(188,704)	56,674	-30.0%
Enterprise Fund	426,794	70,022	356,772	509.5%
Total	<u>216,432</u>	<u>(694,617)</u>	<u>911,049</u>	<u>131.2%</u>

Note that deficit spending is covered by the fund balance dollars in each fund.

On the expense side of the equation, the City was able to reduce total expenditures by \$504,669, or 5.0%. The bulk of the reduction, \$370,233, was made in the City's General Fund. Even with increased revenues and reduced expenses in the General Fund, the City still out spent revenues by \$78,332 – essentially using fund balance dollars (reserves) to cover operating expenses. This practice is not sustainable in the long term. When looking at all three funds combined, the City was able to add \$216,432 to its total fund balance, primarily from the results in the Enterprise Fund.

In summary, although 2012 was a good year from a revenue standpoint, the gains will not be maintained in 2013 and the City will have less revenue overall. In 2013, the City has turned to grant funding to complete needed infrastructure projects. The long-term solutions to these financial issues are for the number of devices in town to increase or the fee per device to be raised. The fee charged per device has not increased in twenty plus years, even though the cost of operating the City increases over time. Gaming taxes distributed to the City's General and Historic Preservation Funds will not increase until the industry, as a whole, sees increases in business and the City must continue to fight to retain market share compared to the other two gaming towns. Marketing share between the three gaming towns, based on Adjusted Gross Proceeds, is the basis for the tax distribution. In addition, in 2013, water rates, which have not increased in twenty years, will be increased to help offset the costs of needed infrastructure improvements.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's finance director at 689-2502.

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents (Note 2)	\$ 218,212	\$ 269,052	\$ 487,264
Investments (Note 2)	8,135,236	966,570	9,101,806
Due from other funds (Note 13)	—	—	—
Receivables			
Accounts (net) (Note 3)	189,890	43,006	232,896
Property taxes	118,769	—	118,769
Capital Assets (Note 4)			
Nondepreciable capital assets	7,580,495	2,609,139	10,189,634
Depreciable capital assets, net	12,908,908	14,873,696	27,782,604
Long-Term Assets			
Restricted cash (Note 2)	—	115,612	115,612
Investments maturing in more than one year	100,000	—	100,000
Total Assets	29,251,510	18,877,075	48,128,585
Liabilities			
Current Liabilities			
Accounts payable	244,540	61,315	305,855
Accrued expenses	113,005	29,320	142,325
Accrued interest	—	15,689	15,689
Unearned revenue	118,769	—	118,769
Compensated absences payable (Note 5)	24,930	6,745	31,675
Notes payable (Note 5)	—	10,000	10,000
Revenue bonds payable (Note 5)	—	22,700	22,700
Long-Term Liabilities (Note 5)			
Compensated absences payable	99,721	26,978	126,699
Notes payable	—	489,500	489,500
Revenue bonds payable	—	799,200	799,200
Total Liabilities	600,965	1,461,447	2,062,412
Net Position			
Net investment in capital assets (Note 7)	20,489,403	16,161,435	36,650,838
Restricted for			
Emergencies (Note 11)	178,000	—	178,000
Culture and recreation	100,000	—	100,000
General government	31,000	—	31,000
Historic preservation	1,733,285	—	1,733,285
Unrestricted	6,118,857	1,254,193	7,373,050
Total Net Position	\$ 28,650,545	\$ 17,415,628	\$ 46,066,173

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2012

Function/Program	Program Revenues				Net (Expenses) Revenue And Changes In Net Assets			
	Expenses	Charges For Services And Sales	Operating Grants, Contributions And Interest	Capital Grants And Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General government	\$ 3,179,137	\$ 269,178	\$ 424	\$ —	\$ (2,909,535)	\$ —	\$ (2,909,535)	
Public safety	3,051,971	13,876	28,330	—	(3,009,765)	—	(3,009,765)	
Streets	1,253,226	4,503	—	154,565	(1,094,158)	—	(1,094,158)	
Culture and recreation	1,128,129	266,085	9,805	43	(852,196)	—	(852,196)	
Interest	2,097	—	—	—	(2,097)	—	(2,097)	
Total Governmental Activities	8,614,560	553,642	38,559	154,608	(7,867,751)	—	(7,867,751)	
Business-Type Activities								
Water and sewer	2,590,482	811,135	—	—	—	(1,779,347)	(1,779,347)	
Total - Primary Government	\$ 11,205,042	\$ 1,364,777	\$ 38,559	\$ 154,608	(7,867,751)	(1,779,347)	(9,647,098)	
General Revenues								
					117,263	—	117,263	
					519,397	—	519,397	
					2,307,919	—	2,307,919	
					119,927	—	119,927	
					2,750,041	1,826,759	4,576,800	
					24,112	2,321	26,433	
					95,712	147,007	242,719	
					5,934,371	1,976,087	7,910,458	
						(1,933,380)	196,740	(1,736,640)
						30,583,925	17,218,888	47,802,813
						\$ 28,650,545	\$ 17,415,628	\$ 46,066,173

CITY OF CRIPPLE CREEK, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2012

	Assets		
	General	Historic Preservation	Total Governmental Funds
Cash and cash equivalents	\$ 152,120	\$ 66,092	\$ 218,212
Investments	6,537,079	1,698,157	8,235,236
Receivables			
Accounts	181,483	8,407	189,890
Property taxes	118,769	—	118,769
Total Assets	\$ 6,989,451	\$ 1,772,656	\$ 8,762,107

Liabilities And Fund Balances

Liabilities			
Accounts payable	\$ 214,811	\$ 29,729	\$ 244,540
Accrued expenditures	103,363	9,642	113,005
Deferred revenue	118,769	—	118,769
Total Liabilities	436,943	39,371	476,314
Fund Balances			
Restricted (Note 7)	309,000	1,733,285	2,042,285
Unassigned	6,243,508	—	6,243,508
Total Fund Balances	6,552,508	1,733,285	8,285,793
Total Liabilities And Fund Balances	\$ 6,989,451	\$ 1,772,656	\$ 8,762,107

CITY OF CRIPPLE CREEK, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2012

Total Governmental Fund Balances	\$	8,285,793
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Nondepreciable capital asset		7,580,495
Depreciable capital assets	\$	39,195,655
Less: Accumulated depreciation	\$	<u>(26,286,747)</u>
		12,908,908
Compensated absences are not reported in the funds statements until due, but are reported in the statement of net position when the liability is incurred		
Compensated absences		<u>(124,651)</u>
Net Position Of Governmental Activities	\$	<u><u>28,650,545</u></u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2012

	General	Historic Preservation	Total Governmental Funds
Revenues			
Property tax	\$ 117,263	\$ —	\$ 117,263
Sales tax	519,397	—	519,397
Device fees	2,750,041	—	2,750,041
Gaming taxes	1,507,713	800,206	2,307,919
Other taxes	119,927	—	119,927
Intergovernmental	41,260	—	41,260
Licenses and permits	63,413	—	63,413
Charges for service	242,113	—	242,113
Fines and forfeitures	12,975	—	12,975
Investment earnings	19,943	4,169	24,112
Rental income	28,103	—	28,103
Operating grants, contributions and interest	1,324	8,905	10,229
Capital grants and contributions	154,608	—	154,608
Ticket and retail sales	161,526	32,582	194,108
Miscellaneous	86,658	9,054	95,712
Total Revenues	5,826,264	854,916	6,681,180
Expenditures			
General government	2,456,263	588,103	3,044,366
Public safety	2,447,777	—	2,447,777
Streets	95,358	—	95,358
Culture and recreation	874,104	122,679	996,783
Capital outlay	219,082	26,164	245,246
Debt service			
Principal retirements	59,915	—	59,915
Interest payments	2,097	—	2,097
Total Expenditures	6,154,596	736,946	6,891,542
Other financing sources (uses)			
Transfers in (out)	250,000	(250,000)	—
Other Financing Sources (Uses)	250,000	(250,000)	—
Net changes in fund balances	(78,332)	(132,030)	(210,362)
Fund Balances, Beginning Of Year	6,630,840	1,865,315	8,496,155
Fund Balances, End Of Year	\$ 6,552,508	\$ 1,733,285	\$ 8,285,793

CITY OF CRIPPLE CREEK, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2012**

Net Change In Fund Balances - Total Governmental Funds \$ (210,362)

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. For 2012, depreciation expense was significantly greater than the amount the City spent in capital outlay.

Depreciation expense	\$ (2,020,713)	
Capital outlay	<u>245,246</u>	(1,775,467)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position. 59,915

Compensated absences reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability at December 31, 2012	(124,651)	
Liability at December 31, 2011	<u>\$ 117,185</u>	
Changes In Compensated Absences		<u>(7,466)</u>

Change In Net Position Of Governmental Activities \$ (1,933,380)

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION - WATER AND SEWER FUND

December 31, 2012

(With Comparative Actual Amounts As Of December 31, 2011)

	Assets	
	2012	2011
Current Assets		
Cash and cash equivalents	\$ 269,052	\$ 48,622
Investments	966,570	757,306
Accounts receivable	43,006	16,577
Total Current Assets	1,278,628	822,505
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	115,612	112,554
Capital assets		
Nondepreciable capital assets	2,609,139	2,584,827
Depreciable capital assets, net	14,873,696	15,195,152
Total Noncurrent Assets	17,598,447	17,892,533
Total Assets	18,877,075	18,715,038
	Liabilities	
Current Liabilities		
Accounts payable	61,315	43,038
Accrued wages	29,320	25,149
Accrued interest	15,689	—
Compensated absences payable	6,745	7,895
Capital leases	—	35,990
Notes payable	10,000	9,585
Revenue bonds payable	22,700	21,500
Total Current Liabilities	145,769	143,157
Long-Term Liabilities		
Compensated absences payable	26,978	31,578
Notes payable	489,500	499,515
Revenue bonds payable	799,200	821,900
Total Long-Term Liabilities	1,315,678	1,352,993
Total Liabilities	1,461,447	1,496,150
Net Position		
Net investment in capital assets	16,161,435	16,391,489
Unrestricted	1,254,193	827,399
Total Net Position	\$ 17,415,628	\$ 17,218,888

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER AND SEWER FUND

For The Year Ended December 31, 2012

(With Comparative Actual Amounts For The Year Ended December 31, 2011)

	2012	2011
Operating Revenues		
Water fees	\$ 670,281	\$ 422,718
Sewer fees	140,854	136,924
Tap fees	—	18,000
Miscellaneous	147,007	146,139
Total Operating Revenues	958,142	723,781
Operating Expenses		
Professional services	78,468	86,795
Supplies	130,826	154,263
Personnel services	941,101	948,494
Maintenance and repairs	273,383	172,468
Utilities and telephone	162,774	136,341
Depreciation	865,049	851,459
Other	51,802	34,076
Total Operating Expenses	2,503,403	2,383,896
Operating Loss	(1,545,261)	(1,660,115)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(87,079)	(74,149)
Interest earnings	2,321	1,855
Device fees (security for debt)	1,826,759	1,720,040
Total Nonoperating Revenues (Expenses)	1,742,001	1,647,746
Changes in net position	196,740	(12,369)
Net Position, Beginning Of Year	17,218,888	17,231,257
Net Position, End Of Year	\$ 17,415,628	\$ 17,218,888

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF CASH FLOWS - WATER AND SEWER FUND For The Year Ended December 31, 2012 (With Comparative Amounts For The Year Ended December 31, 2011)

	2012	2011
Increase (Decrease) In Cash And Cash Equivalents		
Cash Flows From Operating Activities		
Cash received from customers	\$ 931,713	\$ 726,833
Cash payments to employees for personnel services	(942,680)	(935,192)
Cash payments for goods and services	(678,976)	(685,319)
Net Cash Used In Operating Activities	(689,943)	(893,678)
Cash Flows From Noncapital Financing Activities		
Device fees	1,826,759	1,720,040
Net Cash Provided By Noncapital Financing Activities	1,826,759	1,720,040
Cash Flows From Capital And Related Financing Activities		
Payments to the general fund	—	(70,000)
Principal paid on revenue bonds	(21,500)	(20,300)
Principal paid on notes	(9,600)	(9,100)
Principal paid on capital leases	(35,990)	(34,799)
Other capital interest	(71,390)	(74,149)
Payments for capital acquisitions	(567,905)	(704,869)
Net Cash Used In Capital And Related Financing Activities	(706,385)	(913,217)
Cash Flows From Investing Activities		
Proceeds from sale of investments	338,667	245,000
Investment earnings	2,321	1,855
Purchase of investments	(550,989)	(255,927)
Net Cash Used In Investing Activities	(210,001)	(9,072)
Net Increase (Decrease) In Cash And Cash Equivalents	220,430	(95,927)
Cash And Equivalents, Beginning Of Year	48,622	144,549
Cash And Equivalents, End Of Year	\$ 269,052	\$ 48,622
Reconciliation Of Operating Loss To Net Cash		
Operating loss	\$ (1,545,261)	\$ (1,660,115)
Adjustments		
Depreciation	865,049	851,459
(Increases) decreases in assets		
Accounts receivable	(26,429)	3,052
Increases (decreases) in liabilities		
Accounts payable	18,277	(101,376)
Accrued wages	4,171	3,519
Compensated absences payable	(5,750)	9,783
Net Cash Used In Operating Activities	\$ (689,943)	\$ (893,678)

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2012

1. Summary Of Significant Accounting Policies

The financial statements of the City of Cripple Creek, Colorado (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt. Based upon this criterion, the City is the total reporting entity, and no component units are included.

Basis Of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Government-Wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may, or must, be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Colorado.

Historic Preservation Fund - This fund is used to rebuild and promote the City and the community through the preservation and protection of the City's historic environment and its National Historic Landmark District status.

Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary fund is classified as a major enterprise fund, consisting of the following:

Water and Sewer Fund - This fund provides water and sewer services to the City residents.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the enterprise fund is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The enterprise fund uses the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Nonexchange Transactions - Nonexchange transactions, in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, gaming taxes, device fees, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are assessed in one year for the subsequent year’s budget. Therefore, at December 31, the City reports property taxes receivable and an equal amount of deferred revenue. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days) before it can be recognized on the governmental funds balance sheet.

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used, or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, device fees, gaming taxes, interest and federal and state grants.

Deferred/Unearned Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

At the government-wide financial reporting level, deferred revenues are classified as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Cash, Cash Equivalents And Investments

For the purpose of presentation on the statement of cash flows, cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Investments are stated at fair value based on quoted market prices.

Receivables

All trade, notes and property tax receivables are reported net of allowance for uncollectables, where applicable.

Property Taxes

Property taxes are levied on January 1 of each year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. Liens are attached to the assessed property if taxes become delinquent.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the City fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The City's infrastructure includes roads, bridges, storm sewers, sidewalks, curbs and gutters, intersections, street lights, parks, street signs and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, water rights and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	25 years	25 - 40 years
Machinery and equipment	5 years	4 - 10 years
Vehicles	5 - 20 years	4 - 10 years
Reservoir, plant and systems		15 - 60 years
Infrastructure	3 - 35 years	

For governmental activities at the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

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 the employer will compensate the employees for the benefits through paid time off or some other means for government-wide and proprietary fund presentations. Sick leave benefits do not vest. All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements for both governmental funds and the enterprise fund. The enterprise fund also reports the total compensated absence liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Accrued Liabilities And Long-Term Obligations

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Loans and capital leases are recognized as a liability in the governmental fund financial statements when due.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The City restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. Assigned fund balance is management’s intent to set aside these resources for specific services.

The Finance Director is designated as the person to determine fund balance amounts that will be reported as Assigned on the City’s year-end financial statements.

In the case where there are various components of fund balance available to be spent for a specific purpose, the City’s policy is to spend the most restricted funds first.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Operating Revenues And Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for water and sewer services. Operating expenses are necessary costs incurred to provide these services.

Contributions Of Capital

Contributions of capital in enterprise fund financial statements arise from outside contributions of capital assets, tap-pin fees to the extent they exceed the cost of the connection to the system or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another, without a requirement for repayment, are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the nonoperating revenues/expenses section in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Any transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Estimates

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

Comparative Data

The basic financial statements include certain prior-year partial comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Stewardship, Compliance And Accountability

Budgetary Information - The City adopts an annual operating budget for the general fund, each special revenue fund and the enterprise fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental fund budgets are adopted on a basis consistent with GAAP. The budget for the enterprise fund is adopted on a non-GAAP modified accrual budgetary basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the individual fund level. Any change in total to a fund appropriation requires approval of the City Council.

The Finance Director may approve budget transfers between departments and/or functions. During the year, the Finance Director approved minor budget revisions within each department. All unexpended annual appropriations lapse at year-end.

2. Cash And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) of 1989 requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 102% of the uninsured deposits. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2012, the City's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with PDPA. The City does not have a deposit policy for custodial credit risk beyond Colorado State Statute requirements. Furthermore, cash deposits are held at an institution participating in the FDIC's Transaction Account Guarantee Program. This deposit insurance program supplements the FDIC's basic deposit insurance program through December 31, 2012. Under this program, noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

At December 31, 2012, the City's cash on hand and deposits had the following book and bank balances:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 192	\$ —
Insured deposits	250,000	250,000
Collateralized	237,072	496,446
Certificates of deposit	2,091,000	2,091,000
Total Deposits	\$ 2,578,264	\$ 2,837,446

Note - cash and restricted cash do not include the certificates of deposit that were included in the deposit risk section for disclosure purposes, but are combined in the total investment section for this summary section of the cash/investment footnote.

Restricted Cash

The Water and Sewer Fund (an enterprise fund) is required to establish a "Bond Reserve Account," related to the 1992 revenue bonds, restricted for the payment of the bonds and related interest. Annual payments of \$6,992 for a total of 10 years are to be contributed to the account until such time the account is fully funded in the amount of \$69,992. As of December 31, 2012, the Bond Reserve Account held a balance of \$73,365 to meet the requirement. The difference between the requirement and the actual amount is interest earned on the account.

The 1997 promissory note requires a reserve fund be established to pay for principal and interest if the City does not make the loan payments. The requirements of the reserve are approximately 1/12 of the annual principal and interest payments. As of December 31, 2012, the enterprise fund reserved \$42,247 to meet the requirement.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Investments

Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

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

The City had the following investments at December 31, 2012:

	<u>Cost</u>	<u>Carrying Amount</u>
<u>COLOTRUST</u>	\$ 7,226,418	\$ 7,226,418

The City had invested \$7,226,418 in the Colorado Government Liquid Asset Trust (COLOTRUST or Trust). This Trust is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The Trust operates similarly to a money market fund, and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are rated AAAM by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotruster.com.

The designated custodial bank provides safekeeping and depository services to the Trust in connection with the direct investment and withdrawal functions of the Trust. All securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trust.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

In addition, the City held 9 different certificates of deposit with multiple institutions as of December 31, 2012, with an aggregate value of \$2,091,000. The certificates of deposit have varying ending dates to create a “laddered” investment.

Total Cash, Cash Equivalents And Investments

Total cash and restricted cash	\$ 602,876
Total investments	<u>9,201,806</u>
Total Cash, Cash Equivalents And Investments	<u>\$ 9,804,682</u>

Interest Rate Risk - Beyond Colorado State Statute requirements, the City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments to the above-mentioned investment vehicles to the top two ratings issued by nationally recognized statistical rating organizations. The City has an investment policy that would further limit its investment choices.

Custodial Credit Risk - The City places no limit on the amount that may be invested in any one issuer, and the City does have a formal policy to address custodial credit risk beyond Colorado State Statute requirements.

Concentration Risk - The City has approximately 79% of its total investments with COLOTRUST.

3. Receivables

Receivables at December 31, 2012, consisted of taxes/fees, accounts (billings for user charges), other grants and notes receivable arising from loans in the economic development revolving loan program. Receivables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated, not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability. Because the City determined all receivables to be collectible, no allowance for doubtful accounts is considered necessary at December 31, 2012.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

4. Capital Assets

Capital asset government activity for the year ended December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Government Activities				
Capital assets not being depreciated				
Land	\$ 7,580,495	\$ —	\$ —	\$ 7,580,495
Total Capital Assets Not Being Depreciated	7,580,495	—	—	7,580,495
Other Capital Assets				
Buildings	14,640,018	40,569	—	14,680,587
Equipment	1,779,773	70,044	—	1,849,817
Roads	14,057,798	—	—	14,057,798
Storm sewers	2,334,281	—	—	2,334,281
Sidewalks, curbs and gutters	1,387,980	—	—	1,387,980
Intersections	737,362	—	—	737,362
Street lights	861,180	53,986	—	915,166
Bridges	377,594	—	—	377,594
Vehicles	2,125,064	80,647	—	2,205,711
Parks	590,016	—	—	590,016
Street signs	59,343	—	—	59,343
Total Other Capital Assets	38,950,409	245,246	—	39,195,655
Total Cost	\$ 46,530,904	\$ 245,246	\$ —	\$ 46,776,150
Accumulated Depreciation				
Buildings	\$ 6,146,645	\$ 600,437	\$ —	\$ 6,747,082
Equipment	1,625,377	72,213	—	1,697,590
Roads	11,009,500	869,486	—	11,878,986
Storm sewers	933,714	66,694	—	1,000,408
Sidewalks, curbs and gutters	788,284	69,399	—	857,683
Intersections	586,740	45,751	—	632,491
Street lights	596,951	90,627	—	687,578
Bridges	135,935	15,104	—	151,039
Vehicles	1,833,596	173,639	—	2,007,235
Parks	549,951	17,363	—	567,314
Street signs	59,341	—	—	59,341
Total Accumulated Depreciation	24,266,034	2,020,713	—	26,286,747
Governmental Activities				
Capital Assets, Net	\$ 22,264,870	\$ (1,775,467)	\$ —	\$ 20,489,403

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Governmental activities depreciation expenses were as follows:

	2012
General government	\$ 127,305
Public safety	604,194
Streets	1,157,868
Culture and recreation	131,346
Total Governmental Activities Depreciation	\$ 2,020,713

Capital asset business-type activity for the year ended December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 973,015	\$ —	\$ —	\$ 973,015
Water rights	1,611,812	24,312	—	1,636,124
Total Capital Assets Not Being Depreciated	2,584,827	24,312	—	2,609,139
Other Capital Assets				
Land improvements	6,259,769	163,023	—	6,422,792
Water system	12,107,785	380,570	—	12,488,355
Sewer system	2,382,546	—	—	2,382,546
Sewer plant	2,434,572	—	—	2,434,572
Equipment	1,472,034	—	—	1,472,034
Total Other Capital Assets	24,656,706	543,593	—	25,200,299
Total Capital Asset Cost	27,241,533	567,905	—	27,809,438
Accumulated Depreciation				
Land improvements	923,332	147,190	—	1,070,522
Water system	4,678,515	318,916	—	4,997,431
Sewer system	1,002,124	60,471	—	1,062,595
Sewer plant	650,774	34,569	—	685,343
Equipment	2,206,809	303,903	—	2,510,712
Total Accumulated Depreciation	9,461,554	865,049	—	10,326,603
Business-Type Activities Capital Assets, Net	\$ 17,779,979	\$ (297,144)	\$ —	\$ 17,482,835

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

5. Long-Term Debt

The City reports long-term debt related to both business-type activities and governmental activities.

Business-Type Activities - USDA Note Payable

In 1997, the City signed a 40-year promissory note for \$508,000 at 4.75% interest rate with the Department of Agriculture (USDA) for water-related improvements, primarily water meters. An additional \$92,000 was borrowed in 1998, increasing the loan to \$600,000. The note requires payments totaling approximately \$34,000 through 2038. The principal and interest amounts remaining to be paid at December 31, 2012 were as follows:

1997 Series USDA Bond			
Year	Principal	Interest	Total
2013	\$ 10,000	\$ 23,840	\$ 33,840
2014	10,500	23,353	33,853
2015	11,100	22,842	33,942
2016	11,600	22,305	33,905
2017	12,100	21,741	33,841
2018 - 2022	69,900	99,298	169,198
2023 - 2027	88,300	80,627	168,927
2028 - 2032	111,700	57,037	168,737
2033 - 2037	141,400	27,181	168,581
2038	32,900	1,190	34,090
Total	\$ 499,500	\$ 379,414	\$ 878,914

Business-Type Water And Sewer Bonds

In 1992, the City issued a 1992 USDA Water Revenue Series Bond in the amount of \$1,086,000 at 5.50% interest, requiring semi-annual payments of approximately \$70,000 with the final payment due 2032. Annual debt service requirements to amortize water and sewer bonds outstanding as of December 31, 2012 follow:

1992 Series USDA Bond			
Year	Principal	Interest	Total
2013	\$ 22,700	\$ 48,525	\$ 71,225
2014	24,100	47,185	71,285
2015	25,400	45,762	71,162
2016	26,900	44,262	71,162
2017	28,500	42,674	71,174
2018 - 2022	169,500	186,076	355,576
2023 - 2027	224,100	130,035	354,135
2028 - 2032	300,700	55,450	356,150
Total	\$ 821,900	\$ 599,969	\$ 1,421,869

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

All notes and bond payments are collateralized by pledged gaming device fee revenues and general water distribution revenues. Over the years, the City has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as General Obligation Bonds. The bonds were issued to finance various construction projections within the Enterprise Fund, with the pledged revenue coming from device fees.

	<u>Amount Of Pledge</u>	<u>Term Of Commitment</u>
G.O. Bonds	\$ 1,686,000	1992 - 2038

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirements for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage or comparison of pledged revenues, net of specific operating expenses, for each pledged debt is provided in the table below.

Fiscal Year	Applicable Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2012	\$ 2,787,222	\$ 2,503,403	\$ 283,819	\$ 31,100	\$ 85,849	2.4

Capital Leases

The City has entered into capital leases for various pieces of equipment. These leases meet the criteria of a capital lease because they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The outstanding balance of the corresponding liabilities is included in governmental activities on the statement of net position.

Governmental Fund

In February 2008, the City entered into a 5-year capital lease for the purchase of a ladder truck for the Fire Department in the amount of \$290,000, requiring annual principal and interest payments of \$61,964. Interest accrues at a rate of 3.42%. Capital assets of \$317,143 have been capitalized under this agreement and became fully depreciated at December 31, 2012. This lease was paid off in 2012.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Proprietary Fund

In February 2008, the City entered into a 5-year capital lease for the purchase of a Link Belt Excavator for the Public Works Department in the amount of \$174,196, requiring annual principal and interest payments of \$37,220. Interest accrues at a rate of 3.42%. Capital assets of \$174,196 have been capitalized under this agreement and became fully depreciated at December 31, 2012. This lease was paid off in 2012.

Changes In Long-Term Debt

Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2012:

	December 31, 2011	Additions To Principal	Reductions To Principal	Ending December 31, 2012	Due In One Year
Governmental Activities					
Capital leases	\$ 59,915	\$ —	\$ 59,915	\$ —	\$ —
Compensated absences	117,185	7,466	—	124,651	24,930
Total Governmental Activities	\$ 177,100	\$ 7,466	\$ 59,915	\$ 124,651	\$ 24,930

	December 31, 2011	Additions To Principal	Reductions To Principal	Ending December 31, 2012	Due In One Year
Business-Type Activities					
Capital leases	\$ 35,990	\$ —	\$ 35,990	\$ —	\$ —
Water revenue bonds - 1992 (FmHA)	843,400	—	21,500	821,900	22,700
USDA notes-1997 (USDA)	509,100	—	9,600	499,500	10,000
Compensated absences	39,473	—	5,750	33,723	6,745
Total Business-Type Activities	\$ 1,427,963	\$ —	\$ 72,840	\$ 1,355,123	\$ 39,445

Principal and interest payments related to the water and sewer revenue bonds and USDA notes will be paid by the Enterprise Fund.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

6. Pensions

General Employees Retirement

City employees are covered under a 401(a) defined contribution plan maintained and administered through Colorado County Officials and Employees Retirement Association (CCOERA). The plan is established and amended under Colorado State Statute. Under the terms of the defined contribution plan, participants are required to contribute 8% of annual compensation with a matching amount from the City. Vesting begins immediately upon participation with 100% vesting occurring after 5 years of credited service or age 62, whichever is earlier. Defined contribution plans are not required to have actuarial valuations performed. The contributions made by the City totaled \$185,974 while the employees contributed the same amount in matching funds. In addition, employees can contribute additional funds into CCOERA's 457 plan.

Police Department Employees Retirement

The City's Police Department participates in the CCOERA plan and contributes to Social Security and Medicare on a monthly basis. They are not able to participate in the State of Colorado's Fire and Police Pension Association (FPPA) because they were enrolled in Social Security and did not elect to become members of the FPPA in 1982.

Fire Department Employees Retirement

Full-Time Firefighters Pension Plan

The City's Fire Department line personnel participate in the FPPA Statewide Defined Benefit Plan (the Pension Plan). In addition, firefighters can contribute additional funds into FPPA's 457 plan. FPPA issues stand-alone financial statements, which can be obtained at www.fppaco.org.

Plan Description - The Pension Plan is a cost-sharing, multi-employer defined benefit pension plan covering full-time employees hired on or after April 8, 1978.

Contributions - Trustee of the Pension Plan set contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. At present, state law requires employers and members to each contribute 8% of the members' base salaries.

The City contributed \$58,893, \$49,844 and \$50,975 to the Pension Plan for the years ended December 31, 2012, 2011 and 2010, respectively, which equaled the required contribution for each year.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Benefits - On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Pension Plan to change the retirement age annually, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

The annual normal pension is 2% of the average of the member's highest 3 years' base salaries for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Trustee's discretion and can range from 0 to the higher of 3% or the CPI.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Pension Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salaries for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

FPPA Statewide Death And Disability Plan

Plan Description - The City's full-time firefighters participate in FPPA's Statewide Death And Disability Plan (the Plan), a cost sharing, multi-employer defined benefit plan.

Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes and can be amended through such statutes.

Contributions - Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. The statewide plan has 372 participating employers. Included in that number, there were 9 contributing employers, as of December 31, 2012, who have elected supplementary coverage by the statewide plan.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The State made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further state contributions are anticipated. Members hired on or after January 1, 1997, contribute a percentage of the payroll based on actuarial experience. For 2012, this represented 2.2%, 1.8% for 2011 and 1.9% for 2010.

The City contributed \$17,359, \$13,915 and \$14,296 to the Plan during 2012, 2011 and 2010, respectively.

Benefits - If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary. Dependent children are also entitled to benefits according to an established scale. Benefit entitlement continues until death or remarriage of the spouse and death, marriage or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 70% of base salary for cases of total disability and 50% for cases of occupational disability, reduced by the amount of certain other benefits received.

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the Consumer Price Index or 3%.

7. Net Position And Fund Balance

The net investment in capital assets on the government-wide statement of net position as of December 31, 2012 was computed as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets		
Cost of capital assets	\$ 46,776,150	\$ 27,809,438
Less: Accumulated depreciation	26,286,747	10,326,603
Book value	20,489,403	17,482,835
Less: Capital related debt	—	1,321,400
Net Investment In Capital Assets	\$ 20,489,403	\$ 16,161,435

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

The table below delineates the City's December 31, 2012 ending fund balances for the Governmental Funds:

	General Fund	Historic Preservation Fund	Total
Fund Balances			
Nonspendable	\$ —	\$ —	\$ —
Restricted			
Emergencies (Note 11)	178,000	—	178,000
Parks and recreation	100,000	—	100,000
General government	31,000	—	31,000
Historic preservation	—	1,733,285	1,733,285
Committed	—	—	—
Assigned	—	—	—
Unassigned	6,243,508	—	6,243,508
Total Fund Balance	\$ 6,552,508	\$ 1,733,285	\$ 8,285,793

8. Risk Management

The City is exposed to various risks of loss related to employees while on the job, property and casualty losses. The City has purchased commercial insurance with various levels of deductibles to cover these losses. Claims have not exceeded coverage in any of the past three years.

9. Contingent Liabilities

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.

As of December 31, 2012, there were a number of pending claims and lawsuits involving the City. The outcome of these matters is currently unknown; however, the City's legal counsel has reviewed all such litigation and claims and is of the opinion that any outstanding claims not covered by insurance would not materially affect the City's financial position.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The City has entered into an agreement with Centura Health to provide health care services at the City's medical facility. In the event that the clinic has expenses greater than revenues, the City will fund 50% of the shortfall, up to \$150,000. This agreement extends through December 31, 2012.

10. Commitments

No reportable significant commitments have been made between December 31, 2012 and the date of the independent auditors' report.

11. Tax, Spending And Debt Limitations

Colorado voters passed an Amendment to the State Constitution, Article X, Section 20 (the Taxpayer Bill of Rights, otherwise known as TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of the state and local governments. The City, through the election process, has exempted certain revenues, not including property tax revenue, from TABOR. TABOR is complex and subject to judicial interpretation. The City recorded \$178,000 for emergency reserves in the General Fund, which it believes maintains compliance with TABOR. The \$178,000 figure is calculated as 3% of operating expenses in the General Fund.

12. Economic Dependency

The City derives a large percentage of its revenues from gaming tax and device fees. The financial position of the City would be significantly different without those revenues.

13. Interfund Transactions

The Historic Preservation Fund made a transfer to the General Fund of \$250,000, which will not be paid back. The \$250,000 was used by Marketing (\$100,000) and the Butte Theater (\$150,000).

14. Related-Party Transactions

The Mayor of Cripple Creek is employed by the local electrical firm District Supply. The City of Cripple Creek contracts with District Supply on an as-needed basis for electrical work. In 2012, the City had expenses of \$15,827 with District Supply.

15. Budgetary Compliance

For the year ended December 31, 2012, expenditures exceeded appropriations in the following funds: Historic Preservation Fund is overspent by \$48,624, and Water and Sewer Fund is overspent by \$82,950, which may be a violation of state statute.

16. Subsequent Event

General Fund

Subsequent to year-end, the City entered into a 5-year capital lease for the purchase of a pumper truck for the Fire Department in the amount of \$370,263, requiring an initial payment of \$65,000 and annual principal and interest payments of \$61,962, thereafter. Interest accrues at a rate of 1.57%.

Required Supplementary Information
(Unaudited)

CITY OF CRIPPLE CREEK, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	\$ 118,619	\$ 118,619	\$ 117,263	\$ (1,356)
Sales tax	460,000	460,000	519,397	59,397
Device fees	2,736,160	2,736,160	2,750,041	13,881
Gaming taxes	1,575,698	1,575,698	1,507,713	(67,985)
Other taxes	154,600	154,600	119,927	(34,673)
Intergovernmental	51,175	51,175	41,260	(9,915)
Licenses and permits	73,000	73,000	63,413	(9,587)
Charges for service	200,050	200,050	242,113	42,063
Fines and forfeitures	13,000	13,000	12,975	(25)
Investment earnings	32,000	32,000	19,943	(12,057)
Rental income	25,360	25,360	28,103	2,743
Operating grants, contributions and interest	5,200	5,200	1,324	(3,876)
Capital grants and contributions	—	—	154,608	154,608
Ticket and retail sales	160,000	160,000	161,526	1,526
Miscellaneous	76,850	76,850	86,658	9,808
Total Revenues	5,681,712	5,681,712	5,826,264	144,552
Expenditures				
General government	2,580,434	2,580,434	2,456,263	124,171
Public safety	2,446,290	2,446,290	2,447,777	(1,487)
Streets	16,275	16,275	95,358	(79,083)
Culture and recreation	892,777	892,777	874,104	18,673
Capital outlay	175,508	175,508	219,082	(43,574)
Debt service				
Principal retirements	61,964	61,964	59,915	2,049
Interest and fiscal charges	—	—	2,097	(2,097)
Total Expenditures	6,173,248	6,173,248	6,154,596	18,652
Other financing sources (uses)				
Transfer in (out)	250,000	250,000	250,000	—
Other Financing Sources (Uses)	250,000	250,000	250,000	—
Net Changes In Fund Balances	\$ (241,536)	\$ (241,536)	(78,332)	\$ 163,204
Fund Balances, Beginning Of Year			6,630,840	
Fund Balances, End Of Year			\$ 6,552,508	

CITY OF CRIPPLE CREEK, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - HISTORIC PRESERVATION FUND
December 31, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Gaming taxes	\$ 830,000	\$ 830,000	\$ 800,206	\$ (29,794)
Investment earnings	5,700	5,700	4,169	(1,531)
Operating grants, contributions and interest	4,800	4,800	8,905	4,105
Ticket and retail sales	26,600	26,600	32,582	5,982
Miscellaneous	9,500	9,500	9,054	(446)
Total Revenues	876,600	876,600	854,916	(21,684)
Expenditures				
General government	531,321	531,321	588,103	(56,782)
Culture and recreation	130,001	130,001	122,679	7,322
Capital outlay	27,000	27,000	26,164	836
Total Expenditures	688,322	688,322	736,946	(48,624)
Other financing sources (uses)				
Transfer in (out)	(250,000)	(250,000)	(250,000)	—
Other Financing Sources (Uses)	(250,000)	(250,000)	(250,000)	—
Net Changes In Fund Balances	\$ (61,722)	\$ (61,722)	(132,030)	\$ (70,308)
Fund Balances, Beginning Of Year			<u>1,865,315</u>	
Fund Balances, End Of Year			<u><u>\$ 1,733,285</u></u>	

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2012

Note RSI-1 Budgetary Information

Budgets for major governmental funds are adopted on the modified accrual basis where capital outlays are treated as expenditures and depreciation is not budgeted. Proceeds from debt financing and the sale of general fixed assets are accounted for as other financing sources. In addition, debt service principal payments are included as expenditures in the budget. The operating budget includes proposed expenditures and the means of financing them. The City Council must approve transfers between funds or increases to a fund's budget. (See Note 1 for additional budgetary information.)

Note RSI-2 Expenditures/Expenses In Excess Of Appropriation

Colorado's budget law requires that expenditures and transfers for a department or fund cannot exceed the appropriations for that department or fund. Appropriations for a department or fund may be increased, provided unanticipated resources offset them.

The budget is controlled at the category line level within each division within each fund. However, the legal level of appropriation is division within fund. If the division expenditures exceed the division budget by more than \$500, then the expenditures are deemed to be in excess of the appropriations. See Note 15 for expenditures in excess of their Council-approved appropriations.

Supplementary Information

CITY OF CRIPPLE CREEK

COMPARATIVE BALANCE SHEET - GENERAL FUND December 31

	Assets	
	2012	2011
Cash and cash equivalents	\$ 152,120	\$ 233,630
Investments	6,537,079	6,352,788
Receivables		
Accounts	181,483	216,668
Property taxes	118,769	118,219
Total Assets	\$ 6,989,451	\$ 6,921,305
	Liabilities And Fund Balances	
Liabilities		
Accounts payable	\$ 214,811	\$ 100,929
Accrued expenditures	103,363	71,317
Deferred revenue	118,769	118,219
Total Liabilities	436,943	290,465
Fund Balances		
Restricted	309,000	290,831
Unassigned	6,243,508	6,340,009
Total Fund Balances	6,552,508	6,630,840
Total Liabilities And Fund Balances	\$ 6,989,451	\$ 6,921,305

CITY OF CRIPPLE CREEK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND For The Year Ended December 31

	2012	2011
Revenues		
Property tax	\$ 117,263	\$ 118,761
Sales tax	519,397	455,757
Device fees	2,750,041	2,587,200
Gaming taxes	1,507,713	1,607,855
Other taxes	119,927	141,052
Intergovernmental	41,260	51,866
Licenses and permits	63,413	59,096
Charges for service	242,113	219,955
Fines and forfeitures	12,975	17,005
Investment earnings	19,943	25,765
Rental income	28,103	24,363
Operating grants, contributions and interest	1,324	5,029
Capital grants and contributions	154,608	132,276
Ticket and retail sales	161,526	134,600
Miscellaneous	86,658	118,314
Total Revenues	5,826,264	5,698,894
Expenditures		
General government	2,456,263	2,638,719
Public safety	2,447,777	2,530,195
Streets	95,358	105,862
Culture and recreation	874,104	866,155
Capital outlay	219,082	321,934
Debt service		
Principal retirements	59,915	57,935
Interest and fiscal charges	2,097	4,029
Total Expenditures	6,154,596	6,524,829
Excess (Deficiency) Of Revenues/Expenditures	(328,332)	(825,935)
Other Financing Sources (Uses)		
Transfers in (out)	250,000	250,000
Other Financing Sources (Uses)	250,000	250,000
Net Changes In Fund Balances	(78,332)	(575,935)
Fund Balances, Beginning Of Year	6,630,840	7,206,775
Fund Balances, End Of Year	\$ 6,552,508	\$ 6,630,840

CITY OF CRIPPLE CREEK

COMPARATIVE BALANCE SHEET - HISTORIC PRESERVATION FUND December 31

	Assets	
	2012	2011
Cash and cash equivalents	\$ 66,092	\$ 35,849
Investments	1,698,157	1,890,706
Receivables		
Accounts	8,407	10,658
Total Assets	\$ 1,772,656	\$ 1,937,213
	Liabilities And Fund Balances	
Liabilities		
Accounts payable	\$ 29,729	\$ 64,531
Accrued expenditures	9,642	7,367
Total Liabilities	39,371	71,898
Fund Balances		
Restricted	1,733,285	1,865,315
Total Liabilities And Fund Balances	\$ 1,772,656	\$ 1,937,213

CITY OF CRIPPLE CREEK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - HISTORIC PRESERVATION FUND For The Year Ended December 31

	2012	2011
Revenues		
Gaming taxes	\$ 800,206	\$ 851,664
Investment earnings	4,169	4,842
Operating grants, contributions and interest	8,905	8,221
Ticket and retail sales	32,582	33,023
Miscellaneous	9,054	19,702
Total Revenues	854,916	917,452
Expenditures		
General government	588,103	539,356
Culture and recreation	122,679	218,193
Capital outlay	26,164	98,607
Total Expenditures	736,946	856,156
Excess (Deficiency) Of Revenues/Expenditures	117,970	61,296
Other Financing Sources (Uses)		
Transfers in (out)	(250,000)	(250,000)
Other Financing Sources (Uses)	(250,000)	(250,000)
Net Changes In Fund Balances	(132,030)	(188,704)
Fund Balances, Beginning Of Year	1,865,315	2,054,019
Fund Balances, End Of Year	\$ 1,733,285	\$ 1,865,315

CITY OF CRIPPLE CREEK

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - WATER AND SEWER FUND

For The Year Ended December 31, 2012

(With Comparative Actual Amounts For The Year Ended December 31, 2011)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
Revenues					
Charges for service	\$ 662,100	\$ 662,100	\$ 811,135	\$ 149,035	\$ 559,642
Device fees (security for debt)	1,602,840	1,602,840	1,826,759	223,919	1,720,040
Reimbursements	150,000	150,000	114,290	(35,710)	114,558
Tap fees	—	—	—	—	18,000
Other income	—	—	32,717	32,717	31,581
Investment earnings	2,500	2,500	2,321	(179)	1,855
Total Revenues	2,417,440	2,417,440	2,787,222	369,782	2,445,676
Expenditures					
Professional services	97,200	97,200	78,468	18,732	86,795
Supplies	102,100	102,100	130,826	(28,726)	154,263
Personnel services	1,022,539	1,022,539	941,101	81,438	948,494
Maintenance and repairs	76,960	76,960	273,383	(196,423)	172,468
Utilities and telephone	122,400	122,400	162,774	(40,374)	136,341
Other/miscellaneous	67,300	67,300	51,802	15,498	34,076
Capital outlay	650,440	650,440	567,905	82,535	704,869
Debt service	138,539	138,539	154,169	(15,630)	138,348
Total Expenditures	2,277,478	2,277,478	2,360,428	(82,950)	2,375,654
Change In Net Assets	\$ 139,962	\$ 139,962	426,794	\$ 286,832	70,022
Reconciliation To GAAP Basis					
Add					
Capital outlay			567,905		704,869
Principal retirement			67,090		64,199
Less					
Depreciation			(865,049)		(851,459)
Net Income			196,740		(12,369)
Net Position, Beginning Of Year			17,218,888		17,231,257
Net Position, End Of Year			\$ 17,415,628		\$ 17,218,888

Special Reports Section

CITY OF CRIPPLE CREEK

LOCAL HIGHWAY FINANCE REPORT

Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Cripple Creek
This Information From The Records Of (example - City of __ or County of __): City of Cripple Creek	Prepared By: Debra Blevins Phone: 719-689-2502
YEAR ENDING : December 2012	

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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	64,035
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,562
2. General fund appropriations		b. Snow and ice removal	10,825
3. Other local imposts (from page 2)	430,306	c. Other	125,851
4. Miscellaneous local receipts (from page 2)	7,856	d. Total (a. through c.)	148,238
5. Transfers from toll facilities		4. General administration & miscellaneous	70,891
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	208,692
a. Bonds - Original Issues		6. Total (1 through 5)	491,856
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)	438,162	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	53,694	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	491,856	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)	491,856

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
	0	491,856	491,856	0	0

Notes and Comments:

CITY OF CRIPPLE CREEK
LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2012

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	122,013	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	7,856
1. Sales Taxes	281,304	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	17,364	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	#	f. Charges for Services	
5. Specific Ownership &/or Other	9,625	g. Other Misc. Receipts	
6. Total (1. through 5.)	308,293	h. Other	
c. Total (a. + b.)	430,306	i. Total (a. through h.)	7,856
	(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	49,573	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	4,121	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. Mineral Lease	
e. Other (Specify) - Weed Control		f. Other Federal - Farm Tenant	
f. Total (a. through e.)	4,121	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	53,694	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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: