
**CITY OF CRIPPLE CREEK,
COLORADO**
*FINANCIAL STATEMENTS
DECEMBER 31, 2014*



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Independent Auditors' Report

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

Report On The Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages I - XIV and 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 basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report On Comparative Information

We have previously audited the City's 2013 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated May 29, 2014. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

July 1, 2015

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, 2014. 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 \$44,078,808 (total net position) for the calendar year reported. This represents a decrease of \$2,699,281 or 5.7% over 2013. Much of the decrease was caused by the capitalization and depreciation expense recorded with the completion of the Bennett Avenue Revitalization Project.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$38,038,672 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 position of \$2,026,176 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$4,013,960 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 \$5,466,566 this year. This compares to the prior year ending fund balance of \$7,769,676 showing a decrease of \$2,303,110 during the current year. Unassigned fund balance of \$3,440,390 for calendar year 2014 shows a \$2,316,438 decrease, or 40% from the prior year - \$1.33 million of the decline was due to a one time transfer to the Enterprise Fund to help with the cost of the Bennett Ave. Project.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$3,440,390, or 48% 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 pages 41 - 47 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 is \$44,078,808. 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

	Governmental Activities	Business Activities	Total	% of Total
Assets:				
Current assets	\$5,693,106	\$1,200,983	\$6,894,089	14.7%
Long-term assets		121,498	121,498	0.3%
Capital assets	17,934,620	21,822,235	39,756,855	85.0%
Total Assets	23,627,726	23,144,716	46,772,442	100%
Liabilities:				
Current liabilities	226,624	675,491	902,115	35.0%
Long-term liabilities	325,526	1,346,367	1,671,893	65.0%
Total Liabilities	552,150	2,021,858	2,574,008	100%
Deferred Inflows of Revenues	119,626		119,626	
Net Position:	22,955,950	21,122,858	44,078,808	
Net investment in				
capital assets	17,621,785	20,416,887	38,038,672	86.3%
Restricted	2,026,176		2,026,176	4.6%
Unrestricted	3,307,989	705,971	4,013,960	9.1%
Total Net Position	\$22,955,950	\$21,122,858	\$44,078,808	100%
<i>Additional Information:</i>				
Current Ratio	24.8	1.8	7.6	
2013 Net Position	\$26,660,444	\$20,117,645	\$46,778,089	
2014 Net Position	\$22,955,950	\$21,122,858	\$44,078,808	
Dollar Change	\$(3,704,494)	\$1,005,213	\$(2,699,281)	
Percent Change	-13.9%	5.0%	-5.8%	

The City continues to maintain an adequate 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 25.1 to 1 and 1.8 to 1 for business-type activities. For the City overall, the current ratio is 7.6 to 1. Governmental activities decreased primarily due to the reduction in investments, with the \$1.33 million transfer to the Enterprise Fund to help with the cost of the Bennett Ave. project. Business-type activities increased because of the capitalization of the Bennett Ave. project.

The City reported a decreased balance in net position for the governmental activity and an increase in the business-type activities. Net position decreased \$3,704,494, or -13.9% for governmental activities. Governmental activities net position were down primarily because expenditures exceeded revenue. Thus, the City spent fund balance dollars on basic operations and the one-time transfer of \$1.33 million to the Enterprise Fund for the Bennett Ave. project. The business-type activities increased by \$1,005,213, or 5% for the year. Business-type activities had increased revenues and increased expenses compared to the year before. The City's overall financial position decreased by \$2,699,281, or -5.8%.

Note that approximately 78.1% of the governmental activities' net position 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. 90.2% of the City's total net position are included in capital assets.

The following three tables provide more detailed comparisons in the change of net position from 2013 to 2014, by both governmental activities and business-type activities, as well as total net position.

Summary of Change in Net Position for Governmental Activities 2014 Compared to 2013

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 5,693,106	\$8,002,238	\$ (2,309,132)	-28.9%
Long-term assets	-	100,000	(100,000)	-100.0%
Capital assets	<u>17,934,620</u>	<u>19,321,347</u>	<u>(1,386,727)</u>	-7.2%
Total Assets	23,627,726	27,423,585	(3,795,859)	-13.8%
Liabilities:				
Current liabilities	226,624	297,603	(70,979)	-23.9%
Long-term liabilities	<u>325,526</u>	<u>346,353</u>	<u>(20,827)</u>	-6.0%
Total Liabilities	552,150	643,956	(91,806)	-14.3%
Deferred Inflows of Revenues	119,626	119,185	441	.3%
Net Position:	22,955,950	26,660,444	(3,704,494)	-13.9%
Net investment in				
capital assets	17,621,785	19,016,084	(1,394,299)	-7.3%
Restricted	2,026,176	2,012,848	13,328	0.7%
Unrestricted	<u>3,307,989</u>	<u>5,631,512</u>	<u>(2,323,523)</u>	-41.3%
Total Net Position	<u>\$ 22,955,950</u>	<u>\$ 26,660,444</u>	<u>\$ (3,704,494)</u>	-13.9%

Summary of Statement of Net Position for Business-type Activities 2014 Compared to 2013

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 1,200,983	\$ 4,306,359	\$ (3,105,376)	-72.1%
Long-term assets	121,498	118,560	2,938	2.5%
Capital assets	<u>21,822,235</u>	<u>17,153,882</u>	<u>4,668,353</u>	27.2%
Total Assets	23,144,716	21,578,801	1,565,915	7.3%
Liabilities:				
Current liabilities	675,491	188,426	487,065	258.5%
Long-term liabilities	<u>1,346,367</u>	<u>1,272,730</u>	<u>73,637</u>	5.8%
Total Liabilities	2,021,858	1,461,156	560,702	38.4%
Net Position:	21,122,858	20,117,645	1,005,213	5.0%
Net investment in				
capital assets	20,416,887	15,865,182	4,551,705	28.7%
Restricted	-	2,306,489	(2,306,489)	-100.0%
Unrestricted	<u>705,971</u>	<u>1,945,974</u>	<u>(1,240,003)</u>	-63.7%
Total Net Position	<u>\$ 21,122,858</u>	<u>\$ 20,117,645</u>	<u>\$ 1,005,213</u>	5.0%

Summary of Statement of Total Net Position - 2014 Compared to 2013

	<u>2014</u>	<u>2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 6,894,089	\$ 12,308,597	\$(5,414,508)	-44.0%
Long-term assets	121,498	218,560	(97,062)	-44.4%
Capital assets	<u>39,756,855</u>	<u>36,475,229</u>	<u>3,281,626</u>	9.0%
Total Assets	46,772,442	49,002,386	(2,229,944)	-4.6%
Liabilities:				
Current liabilities	902,115	486,029	416,086	85.6%
Long-term liabilities	<u>1,671,893</u>	<u>1,619,083</u>	<u>52,810</u>	3.3%
Total Liabilities	2,574,008	2,105,112	468,896	22.3%
Deferred Inflows of Revenues	119,626	119,185	441	
Net Position:	44,078,808	46,778,089	(2,699,281)	-5.8%
Net investment in				
capital assets	38,038,672	34,881,266	3,157,406	9.1%
Restricted	2,026,176	4,319,337	(2,293,161)	-53.1%
Unrestricted	<u>4,013,960</u>	<u>7,577,486</u>	<u>(3,563,526)</u>	-47.0%
Total Net Position	<u>\$ 44,078,808</u>	<u>\$ 46,778,089</u>	<u>\$(2,699,281)</u>	-5.8%

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	\$ 620,375	\$ 845,724	\$ 1,466,099	15.9%
Grants, contributions, etc.	360,009	13,044	373,053	4.0%
Total Program Revenues	980,384	858,768	1,839,152	19.9%
<i>General Revenues:</i>				
Property Taxes	118,692		118,692	1.3%
Sales Taxes	478,083		478,083	5.2%
Gaming Taxes	2,267,519		2,267,519	24.5%
Other Taxes	118,265		118,265	1.3%
Device Fees	2,629,282	1,542,182	4,171,464	45.1%
Investment Earnings	13,980	4,131	18,111	0.2%
Miscellaneous	101,113	130,744	231,857	2.5%
Transfers	(1,330,000)	1,330,000	-	0.0%
Total General Revenues	4,396,934	3,007,057	7,403,991	80.1%
Total Revenues	5,377,318	3,865,825	9,243,143	100.0%
Expenses:				
General Government	3,422,629		3,422,629	28.7%
Public Safety	3,354,343		3,354,343	28.1%
Streets	1,098,174		1,098,174	9.2%
Culture and Recreation	1,204,697		1,204,697	10.1%
Interest	4,799		4,799	0.0%
Water and Sewer		2,860,612	2,860,612	23.9%
Total Expenses	9,084,642	2,860,612	11,945,254	100.0%
Change in Net Position	(3,704,494)	1,005,213	(2,699,281)	
Beginning Net Position	26,660,444	20,117,645	46,778,089	
Ending Net Position	\$ 22,955,950	\$ 21,122,858	\$ 44,078,808	

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 \$118,692 in property taxes and \$478,083 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 2014: property taxes were down \$3, sales tax collections were down \$19,084 or 3.8%. Investment earnings were down \$3,898 or 22%, 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 2013. 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 cost illustrates the financial burden that are placed on the City's taxpayers by each of these functions.

Government Activities Total Cost of Service - 2014 Compared to 2013

	Total Cost 2014	Total Cost 2013	Dollar Change	Percent Change
General government	3,408,276	3,447,496	(39,220)	-1.1%
Public Safety	3,354,343	2,984,916	369,427	12.4%
Streets	1,098,174	1,155,424	(57,250)	-5.0%
Interest	4,799	-	4,799	
Culture & Recreation	1,219,050	1,264,919	(45,869)	-3.6%
Total	\$ 9,084,642	\$ 8,852,755	\$ 231,887	2.6%

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.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The operating revenues for the water and sewer fund were up \$84,987, or 9.5% from 2013 due primarily to higher water sales to the CC&V Mine and the implementation of a CPI increase for both water and sewer rates. Operating expenses were up \$392,355 or 16% more than 2013. These activities reported a \$1,817,821 operating loss compared to an operating loss of \$1,510,453 for the prior year, a increase of \$307,368 or 20%. 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 2014 by \$1,005,213 versus an increase of \$2,702,017 in calendar 2013. Personnel service costs (labor costs) decreased \$41,201 or 4.2% over 2013. Depreciation costs increased approximately \$188,131 over calendar 2013.

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 \$5,466,566. Of this year-end total, \$3,440,390, or 62% 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 \$2,026,176. The total ending fund balances of governmental funds shows a decrease of \$2,303,110 or 30% compared to the prior year. Most of the decrease came from the one-time transfer of \$1.33 million from the General Fund to the Enterprise Fund to help pay for the Bennett Avenue projection. The remaining 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 \$2,308,438, or 38%. The 2014 property taxes were virtually the same as the prior year. Property taxes represent only 2% of total general fund revenues. Sales taxes decreased 3.8% in 2014. Device fee revenue decreased \$120,816, or 4.3% for the year. Two casinos closed at the start of the third quarter of 2014 and the number of devices in town reached a twenty year low. Gaming taxes received by the general fund decreased \$105,780, or approximately 4.5%. 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 \$3,898 or 22%, due to less funds being available for investment.

In the General Fund, the expenditures side shows an increase of \$93,636 or 1.3% over the prior year. The General Fund's ending fund balance is considered adequate, representing the equivalent of 52% of annual expenditures. The figure was 85% for 2013.

The Historic Preservation Fund increased its fund balance by \$5,328 or less than one percent. Revenues decreased \$40,847, or 4.7% compared to 2013, primarily due to the elimination of retail sales at the Heritage Center. Expenses decreased \$58,612, or 9.3%, due to budget reductions.

Budgetary Highlights

The following table highlights the 2014 adopted budget vs. the actual experience that was incurred during the year.

Budgetary Highlights by Fund

	2014 Adopted Budget	2014 Actual	Variance - Actual to Budget
General Fund:			
Revenues	6,456,186	5,878,044	(578,142)
Expenditures	7,753,671	7,212,282	(541,389)
Historic Preservation Fund:			
Revenues	842,700	827,104	(15,596)
Expenditures	713,656	571,776	(141,880)
Enterprise Fund:			
Revenues & Transfers	4,959,823	3,865,825	486,002
Expenditures	8,398,793	7,602,958	(795,835)

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, 2014, was \$17,934,620 and \$20,416,887 respectively. The total decrease in this net investment was 7.2% for governmental and a increase of 2.4% 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	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	\$7,580,495	\$7,580,495	\$973,015	\$973,015	\$8,553,510	\$8,553,510
Construction in progress				378,414		378,414
Water rights			1,650,702	1,642,265	1,650,702	1,642,265
Total non-depreciable	7,580,495	7,580,495	2,623,717	2,993,694	10,204,212	10,574,189
Depreciable assets:						
Land improvements			12,271,155	6,453,792	12,271,155	6,453,792
Buildings	14,725,433	14,706,860			14,725,433	14,706,860
Equipment	2,263,857	1,922,086	1,702,290	1,511,648	3,966,147	3,433,734
Infrastructure and plants	23,364,853	23,352,100	17,491,898	17,397,398	40,856,751	40,749,498
Total Depreciable assets	40,354,143	39,981,046	31,465,343	25,362,838	71,819,486	65,343,884
Less accumulated depreciation	30,000,018	28,240,194	12,266,825	11,202,649	42,266,843	39,442,843
Book value - depreciable assets	10,354,125	11,740,852	19,198,518	14,160,189	29,552,643	25,901,041
Percentage depreciated	74%	71%	39%	44%	59%	60%
Book value - all assets	\$17,934,620	\$19,321,347	\$21,822,235	\$17,153,883	\$39,756,855	\$36,475,230
Change in \$	(1,386,727)		4,668,352		3,281,625	
Change in %	-7.2%		27.2%		9.0%	

At December 31, 2014, the depreciable capital assets for governmental activities were 74% depreciated. This compares to 71% at December 31, 2013. With the City's business type activities, 39% of the asset values were depreciated at December 31, 2014 compared to 44% at December 31, 2013. Overall, the City percentage of assets depreciated in both governmental and business activity is 59%.

Long-term Debt

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

At the end of the calendar year in the water and sewer fund, the City had total bonded principal debt outstanding of \$1,254,000, which represents a decrease of 2.7% from 2013. The combined amount for both principal and interest is \$2,090,579, down \$105,138, or 4.8% from 2013. 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

	Governmental Activities		Business-type Activities		Totals		% Change
	2014	2013	2014	2013	2014	2013	
Revenue Bonds	\$ -	\$ -	\$775,100	\$799,200	\$775,100	\$799,200	-3.0%
Capital Leases	312,835	305,263	151,248	-	464,083	305,263	52%
Notes			479,000	489,500	479,000	489,500	-2.1%
Compensated absences	132,401	125,316	18,803	23,288	151,204	148,604	1.7%
Total	\$445,236	\$430,579	\$1,424,151	\$1,311,988	\$1,869,387	\$1,742,567	7.3%

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

Economic Conditions Affecting the City

The City experienced a decrease in its total revenues in 2014 – decreasing by \$1,464,080, or 12.2%. However, in 2013 the City had a \$2.6 million one-time payment from CDOT. Three very important areas of revenue experienced declines in 2014. These areas are:

- 1). Device Fees. Device Fees continued their on-going decline and were down \$190,961, or 4.4%, due to the closing of the Imperial and Gold Creek casinos at the start of the third quarter of the year. In the fourth quarter of 2014, the City hit a twenty year low in the number of devices in town at 3,618, which represented a drop of 1,552 devices, or 30% from the high achieved in the third quarter of 2008, when the Wildwood Casino opened.
- 2). Gaming Taxes. Gaming taxes were down \$105,780, or 4.5%, compared to 2013 and have declined steadily since 2007.
- 3). Sales Tax. Sales taxes were down \$19,084, or 3.8%, due to worsening overall economic conditions caused by the frequent closure of Highway 24 and have declined significantly since 2008.

These three sources combined for \$315,825 in less revenue for 2014. The City will most likely experience continued declining revenues in device fees and gaming taxes for 2015.

Summary of Revenues and Expenditures

Total Revenues - All Funds

	2014	2013	Dollar Change	Percent Change
General Fund	\$ 5,878,044	\$5,994,703	\$(116,659)	-1.9%
Historic Preservation Fund	827,104	867,951	(40,847)	-4.7%
Enterprise Fund	3,865,825	5,172,399	(1,306,574)	-25.3%
Total	10,570,973	12,035,053	(1,464,080)	-12.2%

Total Expenditures - All Funds

	2014	2013	Dollar Change	Percent Change
General Fund	7,212,282	7,118,646	93,636	1.3%
Historic Preservation Fund	571,776	630,388	(58,612)	-9.3%
Enterprise Fund	2,860,612	2,470,382	390,230	15.8%
Total	10,644,670	10,219,416	425,254	4.2%

Excess (Deficit) Revenues to Expenditures

	2014	2013	Dollar Change	Percent Change
General Fund	(1,334,238)	(1,123,943)	(210,295)	18.7%
Historic Preservation Fund	255,328	237,563	17,765	7.5%
Enterprise Fund	1,005,213	2,702,017	(1,696,804)	62.8%
Total	\$ (73,697)	\$1,815,637	\$(1,889,334)	104.1%

Note that deficit spending is covered by the fund balance dollars in each fund, or transfers between funds.

On the expense side of the equation, the City increased total expenditures by \$425,254, or 4.2% from 2013 to 2014. The bulk of the increase was the completion of the Bennett Avenue Revitalization Project. A total of \$5.7 million was spent on this project in 2013 and 2014, but it has been capitalized and depreciated over its estimated useful life of forty years. The General Fund, continued to outspend revenues – essentially using fund balance dollars (reserves) to cover operating expenses

In summary, the City had less revenue in 2014 and more in expenses, with the completion of the large Bennett Avenue Revitalization Project. Over the past few years, the City has turned to grant funding to complete needed infrastructure projects and operate its Transit system. 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 three plus years, even though the cost of operating the City increases each year. 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. Market share between the three gaming towns, based on Adjusted Gross Proceeds, is the basis for the tax distribution. In addition, water & sewer rates, which have not increased significantly in twenty two plus years, will have to be looked at for an increase, which is needed to help pay for replacing aging infrastructure.

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, 2014

	Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents (Note 2)	\$ 804,349	\$ 303,463	\$ 1,107,812
Investments (Note 2)	4,546,772	823,902	5,370,674
Receivables			
Accounts (Note 3)	222,359	73,618	295,977
Property taxes	119,626	—	119,626
Capital Assets (Note 4)			
Nondepreciable capital assets	7,580,495	2,623,717	10,204,212
Depreciable capital assets, net	10,354,125	19,198,518	29,552,643
Long-Term Assets			
Restricted investments (Note 2)	—	121,498	121,498
Total Assets	23,627,726	23,144,716	46,772,442
Liabilities, Deferred Inflows Of Resources And Net Position			
Current Liabilities			
Accounts payable	88,764	571,913	660,677
Accrued expenses	18,150	2,811	20,961
Accrued interest	—	15,241	15,241
Unearned revenues	—	8,542	8,542
Compensated absences payable (Note 5)	26,480	3,601	30,081
Capital leases payable (Note 5)	93,230	36,883	130,113
Notes payable (Note 5)	—	11,100	11,100
Revenue bonds payable (Note 5)	—	25,400	25,400
Long-Term Liabilities (Note 5)			
Capital leases payable	219,605	114,365	333,970
Compensated absences payable	105,921	14,402	120,323
Notes payable	—	467,900	467,900
Revenue bonds payable	—	749,700	749,700
Total Liabilities	552,150	2,021,858	2,574,008
Deferred Inflows Of Resources			
Property tax revenue	119,626	—	119,626
Net Position			
Net investment in capital assets (Note 8)	17,621,785	20,416,887	38,038,672
Restricted for			
Emergencies (Note 11)	200,000	—	200,000
Culture and recreation	100,000	—	100,000
Historic preservation	1,726,176	—	1,726,176
Unrestricted	3,307,989	705,971	4,013,960
Total Net Position	\$ 22,955,950	\$ 21,122,858	\$ 44,078,808

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2014

Function/Program	Program Revenues				Net Revenue (Expenses) And Changes In Net Position		
	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	\$ 3,408,276	\$ 284,992	\$ 344,455	\$ —	\$ (2,778,829)	\$ —	\$ (2,778,829)
Public safety	3,354,343	12,364	2,731	2,266	(3,336,982)	—	(3,336,982)
Streets	1,098,174	5,736	—	—	(1,092,438)	—	(1,092,438)
Culture and recreation	1,219,050	317,283	12,822	565	(888,380)	—	(888,380)
Interest	4,799	—	—	—	(4,799)	—	(4,799)
Total Governmental Activities	9,084,642	620,375	360,008	2,831	(8,101,428)	—	(8,101,428)
Business-Type Activities							
Water and sewer	2,860,612	845,724	—	13,044	—	(2,001,844)	(2,001,844)
Total - Primary Government	\$ 11,945,254	\$ 1,466,099	\$ 360,008	\$ 15,875	(8,101,428)	(2,001,844)	(10,103,272)
General Revenues							
Property taxes					118,692	—	118,692
Sales taxes					478,083	—	478,083
Gaming taxes					2,267,519	—	2,267,519
Other taxes					118,265	—	118,265
Device fees					2,629,282	1,542,182	4,171,464
Investment earnings					13,980	4,131	18,111
Miscellaneous					101,113	130,744	231,857
Transfers					(1,330,000)	1,330,000	—
Total General Revenues					4,396,934	3,007,057	7,403,991
Changes in net position					(3,704,494)	1,005,213	(2,699,281)
Net Position, Beginning Of Year					26,660,444	20,117,645	46,778,089
Net Position, End Of Year					\$ 22,955,950	\$ 21,122,858	\$ 44,078,808

CITY OF CRIPPLE CREEK, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

	Assets		Total Governmental Funds
	General	Historic Preservation	
Cash and cash equivalents	\$ 784,392	\$ 19,957	\$ 804,349
Investments	2,825,483	1,721,289	4,546,772
Receivables			
Accounts	222,222	137	222,359
Property taxes	119,626	—	119,626
Total Assets	\$ 3,951,723	\$ 1,741,383	\$ 5,693,106
Liabilities, Deferred Inflows Of Resources And Fund Balance			
Liabilities			
Accounts payable	\$ 74,481	\$ 14,283	\$ 88,764
Accrued expenditures	17,226	924	18,150
Total Liabilities	91,707	15,207	106,914
Deferred Inflows Of Resources			
Property tax revenue	119,626	—	119,626
Fund Balance			
Restricted (Note 8)	300,000	1,726,176	2,026,176
Unassigned	3,440,390	—	3,440,390
Total Fund Balance	3,740,390	1,726,176	5,466,566
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 3,951,723	\$ 1,741,383	\$ 5,693,106

CITY OF CRIPPLE CREEK, COLORADO

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

December 31, 2014

Total Governmental Fund Balances		\$ 5,466,566
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets		7,580,495
Depreciable capital assets	\$ 40,354,143	
Less: Accumulated depreciation	<u>(30,000,018)</u>	10,354,125
Capital leases payable are not due and payable in the current period and, therefore, are not reported in the funds.		(312,835)
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>(132,401)</u>
Net Position Of Governmental Activities		<u><u>\$ 22,955,950</u></u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2014

	General	Historic Preservation	Total Governmental Funds
Revenues			
Property tax	\$ 118,692	\$ —	\$ 118,692
Sales tax	478,083	—	478,083
Device fees	2,629,282	—	2,629,282
Gaming taxes	1,480,157	787,362	2,267,519
Other taxes	118,265	—	118,265
Intergovernmental	36,682	—	36,682
Licenses and permits	39,833	—	39,833
Charges for service	271,126	—	271,126
Fines and forfeitures	11,595	—	11,595
Investment earnings	11,007	2,973	13,980
Rental income	22,860	—	22,860
Operating grants, contributions and interest	133,542	7,822	141,364
Capital grants and contributions	565	—	565
Ticket and retail sales	215,698	23,027	238,725
Miscellaneous	310,657	5,920	316,577
Total Revenues	5,878,044	827,104	6,705,148
Expenditures			
General government	2,900,768	379,681	3,280,449
Public safety	2,781,299	—	2,781,299
Culture and recreation	954,849	139,627	1,094,476
Capital outlay	477,339	52,468	529,807
Debt service			
Principal retirements	93,228	—	93,228
Interest payments	4,799	—	4,799
Total Expenditures	7,212,282	571,776	7,784,058
Other financing sources (uses)			
Transfers in (out)	(1,080,000)	(250,000)	(1,330,000)
Proceeds from capital lease	100,800	—	100,800
Proceeds from sale of asset	5,000	—	5,000
Other Financing Sources (Uses)	(974,200)	(250,000)	(1,224,200)
Net changes in fund balance	(2,308,438)	5,328	(2,303,110)
Fund Balance, Beginning Of Year	6,048,828	1,720,848	7,769,676
Fund Balance, End Of Year	\$ 3,740,390	\$ 1,726,176	\$ 5,466,566

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, 2014

Net Change In Fund Balances - Total Governmental Funds \$ (2,303,110)

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 2014, depreciation expense was significantly greater than the amount the City spent in capital outlay.

Depreciation expense	\$ (1,916,534)	
Capital outlay	<u>529,807</u>	(1,386,727)

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. 93,228

The proceeds of capital leases are reported as other financing sources in the governmental funds, but are reported as a liability on the statement of net position. (100,800)

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, 2014	(132,401)	
Liability at December 31, 2013	<u>125,316</u>	
Changes in compensated absences		<u>(7,085)</u>

Change In Net Position Of Governmental Activities \$ (3,704,494)

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION - WATER AND SEWER FUND

December 31, 2014

(With Comparative Actual Amounts
As Of December 31, 2013)

	Assets	
	2014	2013
Current Assets		
Cash and cash equivalents	\$ 303,463	\$ 149,332
Investments	823,902	4,117,708
Accounts receivable	73,618	39,319
Total Current Assets	1,200,983	4,306,359
Noncurrent Assets		
Restricted assets		
Investments	121,498	118,560
Capital assets		
Nondepreciable capital assets	2,623,717	2,993,694
Depreciable capital assets, net	19,198,518	14,160,188
Total Noncurrent Assets	21,943,733	17,272,442
Total Assets	23,144,716	21,578,801
	Liabilities And Net Position	
Current Liabilities		
Accounts payable	571,913	115,800
Accrued wages	2,811	17,729
Accrued interest	15,241	15,639
Unearned revenues	8,542	—
Compensated absences payable	3,601	4,658
Capital leases	36,883	—
Notes payable	11,100	10,500
Revenue bonds payable	25,400	24,100
Total Current Liabilities	675,491	188,426
Long-Term Liabilities		
Compensated absences payable	14,402	18,630
Capital leases	114,365	—
Notes payable	467,900	479,000
Revenue bonds payable	749,700	775,100
Total Long-Term Liabilities	1,346,367	1,272,730
Total Liabilities	2,021,858	1,461,156
Net Position		
Net investment in capital assets	20,416,887	15,865,182
Restricted	—	2,306,489
Unrestricted	705,971	1,945,974
Total Net Position	\$ 21,122,858	\$ 20,117,645

CITY OF CRIPPLE CREEK, COLORADO

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

For The Year Ended December 31, 2014

(With Comparative Actual Amounts

For The Year Ended December 31, 2013)

	2014	2013
Operating Revenues		
Water fees	\$ 677,258	\$ 612,419
Sewer fees	165,099	140,362
Tap fees	3,367	—
Miscellaneous	130,744	138,700
Total Operating Revenues	976,468	891,481
Operating Expenses		
Professional services	102,229	70,016
Supplies	159,040	142,863
Personnel services	720,342	776,593
Maintenance and repairs	351,985	291,946
Utilities and telephone	185,402	173,478
Depreciation	1,064,176	876,045
Other	211,115	70,993
Total Operating Expenses	2,794,289	2,401,934
Operating Loss	(1,817,821)	(1,510,453)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(66,323)	(68,448)
Interest earnings	4,131	4,087
Grants	13,044	2,664,504
Device fees (security for debt)	1,542,182	1,612,327
Transfers in	1,330,000	—
Total Nonoperating Revenues (Expenses)	2,823,034	4,212,470
Changes in net position	1,005,213	2,702,017
Net Position, Beginning Of Year	20,117,645	17,415,628
Net Position, End Of Year	\$ 21,122,858	\$ 20,117,645

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF CASH FLOWS - WATER AND SEWER FUND

For The Year Ended December 31, 2014

(With Comparative Actual Amounts For The Year Ended December 31, 2013)

	2014	2013
Cash Flows From Operating Activities		
Cash received from customers	\$ 950,711	\$ 895,168
Cash payments to employees for personnel services	(740,545)	(798,619)
Cash payments for goods and services	(553,658)	(694,811)
Net Cash Used In Operating Activities	(343,492)	(598,262)
Cash Flows From Noncapital Financing Activities		
Device fees	1,542,182	1,612,327
Grants	13,044	2,664,504
Net Cash Provided By Noncapital Financing Activities	1,555,226	4,276,831
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital lease	190,642	—
Principal paid on revenue bonds	(24,100)	(22,700)
Principal paid on notes	(10,500)	(10,000)
Principal paid on capital leases	(39,394)	—
Transfer from General Fund for capital projects	1,330,000	—
Other capital interest	(66,721)	(68,498)
Payments for capital acquisitions	(5,732,528)	(547,092)
Net Cash Used In Capital And Related Financing Activities	(4,352,601)	(648,290)
Cash Flows From Investing Activities		
Proceeds from sale of investments	6,447,743	2,800
Investment earnings	4,131	4,087
Purchase of investments	(3,156,876)	(3,156,886)
Net Cash Provided By (Used In) Investing Activities	3,294,998	(3,149,999)
Net Increase (Decrease) In Cash And Cash Equivalents	154,131	(119,720)
Cash And Equivalents, Beginning Of Year	149,332	269,052
Cash And Equivalents, End Of Year	\$ 303,463	\$ 149,332
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (1,817,821)	\$ (1,510,453)
Adjustments		
Depreciation	1,064,176	876,045
(Increase) decrease in assets		
Accounts receivable	(34,299)	3,687
Increase (decrease) in liabilities		
Accounts payable	456,113	54,485
Accrued wages	(14,918)	(11,591)
Unearned revenue	8,542	—
Compensated absences payable	(5,285)	(10,435)
Net Cash Used In Operating Activities	\$ (343,492)	\$ (598,262)

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

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CITY OF CRIPPLE CREEK, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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 (GASB) 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 organization 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 effect of interfund activity has been eliminated from the government-wide financial statements.

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 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 balance 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 inflows of resources. 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.

Unearned Revenue

Unearned 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 unearned revenue or as deferred inflows of resources (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 unearned revenue or as deferred inflows of resources.

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 an allowance for uncollectables, where applicable.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on the property as of January 1 of the following 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 used 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 used 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.

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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. Sick leave benefits do not vest. 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 current assets, deferred outflows, current liabilities and deferred inflows. Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City restricts amounts that have limitations imposed by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision-making authority. Committed fund balance includes amounts that can only be used for specific purposes. Commitments may be modified or rescinded only through resolutions approved by the City Council. 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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists 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.

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-in 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).

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 also 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 GAAP. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2013, 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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. 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.

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, 2014, 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.

At December 31, 2014, 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	\$ 125	\$ —
Insured deposits	250,000	250,000
Collateralized	857,687	1,320,332
Total Deposits	\$ 1,107,812	\$ 1,570,332

Restricted Investments

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, 2014, the Bond Reserve Account held a balance of \$73,544 to meet the requirement. The difference between the requirement and the actual amount is interest earned on the account. The City holds the investment in a Colorado Government Liquid Asset Trust (COLOTRUST or Trust) account.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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, 2014, the enterprise fund reserved \$47,954 to meet the requirement. The City holds the investment in a COLOTRUST account.

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, 2014:

	<u>Cost</u>	<u>Carrying Amount</u>
<u>COLOTRUST</u>	\$ 3,901,172	\$ 3,901,172

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The City invested \$3,901,172 in COLOTRUST. 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 both 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.colotrust.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.

In addition, the City held seven certificates of deposit with seven different institutions as of December 31, 2014, with an aggregate value of \$1,591,000. The certificates of deposit have varying ending dates to create a "laddered" investment. As of December 31, 2014, the City's certificates of deposit were not exposed to custodial credit risk, as all certificates of deposit were insured by the FDIC and collateralized in accordance with PDPA.

Total Cash, Cash Equivalents And Investments

Total cash and restricted cash	\$ 1,107,812
Total investments	<u>5,492,172</u>
Total Cash, Cash Equivalents And Investments	<u>\$ 6,599,984</u>
Governmental funds - balance sheet	\$ 5,351,121
Proprietary fund - statement of net position	<u>1,248,863</u>
Total Cash, Cash Equivalents And Investments	<u>\$ 6,599,984</u>

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 has a formal policy to address custodial credit risk beyond Colorado State Statute requirements.

Concentration Risk - The City has approximately 71% of its total investments with COLOTRUST. However, GASB Statement No. 40 and the City's investment policy do not recognize investments in external investment pools as being an exposure to concentration risk.

3. Receivables

Receivables at December 31, 2014 consisted of taxes, fees and billings for user charges. Also included in accounts receivable is a grant reimbursement of \$41,953. 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, 2014.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

4. Capital Assets

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

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
Government Activities				
Capital assets not being depreciated				
Land	\$ 7,580,495	\$ —	\$ —	\$ 7,580,495
Other Capital Assets				
Buildings	14,706,860	18,573	—	14,725,433
Equipment	1,922,086	341,771	—	2,263,857
Roads	14,057,798	—	—	14,057,798
Storm sewers	2,334,281	—	—	2,334,281
Sidewalks, curbs and gutters	1,387,980	52,468	—	1,440,448
Intersections	737,362	—	—	737,362
Street lights	1,076,897	—	—	1,076,897
Bridges	377,594	—	—	377,594
Vehicles	2,730,829	116,995	156,710	2,691,114
Parks	590,016	—	—	590,016
Street signs	59,343	—	—	59,343
Total Other Capital Assets	39,981,046	529,807	156,710	40,354,143
Total Cost	47,561,541	529,807	156,710	47,934,638
Accumulated Depreciation				
Buildings	7,348,630	593,294	—	7,941,924
Equipment	1,765,773	97,602	—	1,863,375
Roads	12,744,836	733,783	—	13,478,619
Storm sewers	1,067,102	66,694	—	1,133,796
Sidewalks, curbs and gutters	927,082	72,022	—	999,104
Intersections	678,242	35,801	—	714,043
Street lights	749,820	57,682	—	807,502
Bridges	166,143	15,104	—	181,247
Vehicles	2,163,447	243,423	156,710	2,250,160
Parks	569,778	1,129	—	570,907
Street signs	59,341	—	—	59,341
Total Accumulated Depreciation	28,240,194	1,916,534	156,710	30,000,018
Governmental Activities				
Capital Assets, Net	\$ 19,321,347	\$ (1,386,727)	\$ —	\$ 17,934,620

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Governmental activities depreciation expenses were allocated as follows:

	<u>2014</u>
General government	\$ 120,742
Public safety	573,044
Streets	1,098,174
Culture and recreation	<u>124,574</u>
Total Governmental Activities Depreciation	<u>\$ 1,916,534</u>

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

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 973,015	\$ —	\$ —	\$ 973,015
Construction in progress	378,414	3,874,710	4,253,124	—
Water rights	1,642,265	8,437	—	1,650,702
Total Capital Assets Not Being Depreciated	<u>2,993,694</u>	<u>3,883,147</u>	<u>4,253,124</u>	<u>2,623,717</u>
Other Capital Assets				
Land improvements	6,453,792	5,817,363	—	12,271,155
Water system	12,580,278	65,090	—	12,645,368
Sewer system	2,382,548	—	—	2,382,548
Sewer plant	2,434,572	29,410	—	2,463,982
Equipment	1,511,648	190,642	—	1,702,290
Total Other Capital Assets	<u>25,362,838</u>	<u>6,102,505</u>	<u>—</u>	<u>31,465,343</u>
Total Capital Asset Cost	<u>28,356,532</u>	<u>9,985,652</u>	<u>4,253,124</u>	<u>34,089,060</u>
Accumulated Depreciation				
Land improvements	1,218,487	293,399	—	1,511,886
Water system	5,318,646	322,842	—	5,641,488
Sewer system	1,123,066	60,471	—	1,183,537
Sewer plant	719,911	37,510	—	757,421
Equipment	2,822,539	349,954	—	3,172,493
Total Accumulated Depreciation	<u>11,202,649</u>	<u>1,064,176</u>	<u>—</u>	<u>12,266,825</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,153,883</u>	<u>\$ 8,921,476</u>	<u>\$ 4,253,124</u>	<u>\$ 21,822,235</u>

5. Long-Term Debt

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities - USDA Note Payable

In 1997, the City signed a 40-year promissory note for \$508,000 at a 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, 2014 were as follows:

1997 Series USDA Bond			
Year	Principal	Interest	Total
2015	\$ 11,100	\$ 22,842	\$ 33,942
2016	11,600	22,305	33,905
2017	12,100	21,741	33,841
2018	12,700	21,153	33,853
2019	13,300	20,537	33,837
2020 - 2024	76,800	92,347	169,147
2025 - 2029	97,000	71,852	168,852
2030 - 2034	122,700	45,929	168,629
2035 - 2038	121,700	13,514	135,214
Total	\$ 479,000	\$ 332,220	\$ 811,220

Business-Type Activities - Water And Sewer Bonds

In 1992, the City issued a 1992 USDA Water Revenue Series Bond in the amount of \$1,086,000 at a 5.50% interest rate, 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, 2014 follow:

1992 Series USDA Bond			
Year	Principal	Interest	Total
2015	\$ 25,400	\$ 45,762	\$ 71,162
2016	26,900	44,262	71,162
2017	28,500	42,674	71,174
2018	30,200	40,991	71,191
2019	31,900	39,208	71,108
2020 - 2024	188,800	165,483	354,283
2025 - 2029	252,200	102,794	354,994
2030 - 2032	191,200	23,085	214,285
Total	\$ 775,100	\$ 504,259	\$ 1,279,359

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 - 2039

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. The Water and Sewer Fund has sufficient cash available for principle and interest payments as they come due, including restricted investments, as discussed in Note 2. In addition, the computation of net pledged revenue includes depreciation expense, which does not have an impact on cash. This provides sufficient coverage each year for the pledged debt. The debt service coverage, comparison of pledged revenues net of specific operating expenses, for the collateralized debt is provided in the table below.

<u>Fiscal Year</u>	<u>Applicable Revenues</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2014	\$ 2,522,781	\$ 2,794,289	\$ (271,508)	\$ 34,600	\$ 66,351	(2.7)

Business-Type Activities - Capital Leases

The City enters 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.

In June 2014, the City entered into a five-year capital lease for the purchase of a dump truck for the Public Works Department in the amount of \$190,642, requiring annual principal and interest payments of \$39,394. Interest accrues at a rate of 1.66%.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

The principal and interest amounts remaining to be paid at December 31, 2014 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 36,883	\$ 2,511	\$ 39,394
2016	37,496	1,898	39,394
2017	38,118	1,276	39,394
2018	38,751	643	39,394
Total	\$ 151,248	\$ 6,328	\$ 157,576

The assets acquired through the capital lease are as follows (amortization expense is included in depreciation expense).

Capital assets	\$ 190,642
Less: Accumulated depreciation	<u>38,128</u>
Net Capitalized Lease Property	<u>\$ 152,514</u>

Capital Leases - Governmental Activities

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.

In April 2013, the City entered into a five-year capital lease for the purchase of a fire pumper truck for the Fire Department in the amount of \$370,263, requiring annual principal and interest payments of \$63,962. Interest accrues at a rate of 1.57%.

In June 2014, the City entered into a three-year capital lease for the purchase of a fire brush truck for the Public Works Department in the amount of \$100,800, requiring annual principal and interest payments of \$34,065. Interest accrues at a rate of 1.39%.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The principal and interest amounts remaining to be paid at December 31, 2014 were as follows:

Year	Principal	Interest	Total
2015	\$ 93,230	\$ 4,797	\$ 98,027
2016	94,636	3,391	98,027
2017	61,997	1,965	63,962
2018	62,972	990	63,962
Total	\$ 312,835	\$ 11,143	\$ 323,978

The assets acquired through the capital lease are as follows (amortization expense is included in depreciation expense).

Capital assets	\$ 471,063
Less: Accumulated depreciation	<u>168,265</u>
Net Capitalized Lease Property	<u>\$ 302,798</u>

Changes In Long-Term Debt

Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2014:

Governmental Activities	Beginning December 31, 2013	Additions To Principal	Reductions To Principal	Ending December 31, 2014	Due In One Year
Capital lease	\$ 305,263	\$ 100,800	\$ 93,228	\$ 312,835	\$ 93,230
Compensated absences	125,316	7,085	—	132,401	26,480
Total Governmental Activities	\$ 430,579	\$ 107,885	\$ 93,228	\$ 445,236	\$ 119,710

Business-Type Activities	Beginning December 31, 2013	Additions To Principal	Reductions To Principal	Ending December 31, 2014	Due In One Year
Capital leases	\$ —	\$ 190,642	\$ 39,394	\$ 151,248	\$ 36,883
Water revenue bonds - 1992 (FmHA)	799,200	—	24,100	775,100	25,400
USDA notes-1997 (USDA)	489,500	—	10,500	479,000	11,100
Compensated absences	23,288	—	5,285	18,003	3,601
Total Business-Type Activities	\$ 1,311,988	\$ 190,642	\$ 79,279	\$ 1,423,351	\$ 76,984

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 \$198,539, and 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 monthly. Police Department employees 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 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 - Trustees 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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The City contributed \$56,859, \$57,765 and \$58,893 to the Pension Plan for the years ended December 31, 2014, 2013 and 2012, respectively, which equaled the required contribution for each year.

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 redetermined every October 1. The amount of any increase is based on the Trustees' discretion and can range from 0% to the higher of 3% or the Consumer Price Index (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 3 years' base salaries for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

7. Other Benefit Plan

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Contributions - Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. 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 2014, this represented 2.0% for 2014, 2.0% for 2013 and 2.2% for 2012. The City contributed \$16,638, \$16,369 and \$17,359 to the Plan during 2014, 2013 and 2012, 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 redetermined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in CPI or 3%.

8. Net Position And Fund Balance

The net investment in capital assets on the government-wide statement of net position as of December 31, 2014 was computed as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets		
Cost of capital assets	\$ 47,934,638	\$ 34,089,060
Less: Accumulated depreciation	30,000,018	12,266,825
Book value	17,934,620	21,822,235
Less: Capital related debt	312,835	1,405,348
Net Investment In Capital Assets	\$ 17,621,785	\$ 20,416,887

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

The table below delineates the City's December 31, 2014 ending fund balances for the governmental funds:

Fund Balances	General Fund	Historic Preservation Fund	Total
Restricted			
Emergencies	\$ 200,000	\$ —	\$ 200,000
Parks and recreation	100,000	—	100,000
Historic preservation	—	1,726,176	1,726,176
Unassigned	3,440,390	—	3,440,390
Total Fund Balance	\$ 3,740,390	\$ 1,726,176	\$ 5,466,566

9. 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.

10. 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 designees. 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, 2014, 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.

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. The City contributed \$150,000 to the clinic during 2014. This agreement extends through December 31, 2014.

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 \$200,000 for emergency reserves in the General Fund, which it believes maintains compliance with TABOR.

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 for marketing (\$100,000) and the Butte Theater (\$150,000). In addition, the General Fund made a transfer to the Water and Sewer Fund for the amount of \$1,330,000 to support the Bennet Avenue project.

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 2014, the City had expenses of \$75,652 with District Supply.

**Required Supplementary Information
(Unaudited)**

CITY OF CRIPPLE CREEK, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	\$ 120,585	\$ 120,585	\$ 118,692	\$ (1,893)
Sales tax	530,000	530,000	478,083	(51,917)
Device fees	2,814,000	2,814,000	2,629,282	(184,718)
Gaming taxes	1,530,000	1,530,000	1,480,157	(49,843)
Other taxes	137,301	137,301	118,265	(19,036)
Intergovernmental	26,375	26,375	36,682	10,307
Licenses and permits	77,500	77,500	39,833	(37,667)
Charges for service	289,150	289,150	271,126	(18,024)
Fines and forfeitures	11,000	11,000	11,595	595
Investment earnings	22,000	22,000	11,007	(10,993)
Rental income	27,860	27,860	22,860	(5,000)
Operating grants, contributions and interest	119,227	119,227	133,542	14,315
Capital grants and contributions	—	—	565	565
Ticket and retail sales	163,700	163,700	215,698	51,998
Miscellaneous	587,488	587,488	310,657	(276,831)
Total Revenues	6,456,186	6,456,186	5,878,044	(578,142)
Expenditures				
General government	3,030,370	3,030,370	2,900,768	129,602
Public safety	2,628,570	2,628,570	2,781,299	(152,729)
Culture and recreation	1,050,297	1,050,297	954,849	95,448
Capital outlay	1,042,510	1,042,510	477,339	565,171
Debt service				
Principal retirements	101,000	101,000	93,228	7,772
Interest and fiscal charges	—	—	4,799	(4,799)
Total Expenditures	7,852,747	7,852,747	7,212,282	640,465
Other Financing Sources/Uses				
Transfers in	250,000	250,000	250,000	—
Transfers out	(1,330,000)	(1,330,000)	(1,330,000)	—
Proceeds from capital lease	—	—	100,800	100,800
Proceeds from sale of capital asset	—	—	5,000	5,000
Other Financing Sources/Uses	(1,080,000)	(1,080,000)	(974,200)	105,800
Net Changes In Fund Balance	\$ (2,476,561)	\$ (2,476,561)	(2,308,438)	\$ 168,123
Fund Balance, Beginning Of Year			6,048,828	
Fund Balance, End Of Year			\$ 3,740,390	

See the accompanying independent auditors' report
and notes to required supplementary information.

CITY OF CRIPPLE CREEK, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HISTORIC PRESERVATION FUND For The Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Gaming taxes	\$ 813,000	\$ 813,000	\$ 787,362	\$ (25,638)
Investment earnings	3,700	3,700	2,973	(727)
Operating grants, contributions and interest	5,800	5,800	7,822	2,022
Ticket and retail sales	16,700	16,700	23,027	6,327
Miscellaneous	3,500	3,500	5,920	2,420
Total Revenues	842,700	842,700	827,104	(15,596)
Expenditures				
General government	388,656	388,656	379,681	8,975
Culture and recreation	224,000	224,000	139,627	84,373
Capital outlay	101,000	101,000	52,468	48,532
Total Expenditures	713,656	713,656	571,776	141,880
Other Financing Uses				
Transfer out	(250,000)	(250,000)	(250,000)	—
Net Changes In Fund Balance	\$ (120,956)	\$ (120,956)	5,328	\$ 126,284
Fund Balance, Beginning Of Year			1,720,848	
Fund Balance, End Of Year			<u>\$ 1,726,176</u>	

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

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.

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 item level within each division within each fund. However, the legal level of appropriation is at the fund level. If the division expenditures exceed the division budget by more than \$500, then the expenditures are deemed to be in excess of the appropriations.

Supplementary Information

CITY OF CRIPPLE CREEK

COMPARATIVE BALANCE SHEET - GENERAL FUND For The Years Ended December 31, 2014 And 2013

	Assets	
	2014	2013
Cash and cash equivalents	\$ 784,392	\$ 163,217
Investments	2,825,483	5,702,245
Receivables		
Accounts	222,222	381,550
Property taxes	119,626	119,185
Total Assets	\$ 3,951,723	\$ 6,366,197
Liabilities, Deferred Inflows Of Resources And Fund Balance		
Liabilities		
Accounts payable	\$ 74,481	\$ 130,140
Accrued expenditures	17,226	68,044
Total Liabilities	91,707	198,184
Deferred Inflows Of Resources		
Property tax revenue	119,626	119,185
Fund Balance		
Restricted	300,000	309,000
Unassigned	3,440,390	5,739,828
Total Fund Balance	3,740,390	6,048,828
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 3,951,723	\$ 6,366,197

CITY OF CRIPPLE CREEK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND For The Years Ended December 31, 2014 And 2013

	2014	2013
Revenues		
Property tax	\$ 118,692	\$ 118,695
Sales tax	478,083	497,167
Device fees	2,629,282	2,750,098
Gaming taxes	1,480,157	1,549,918
Other taxes	118,265	111,008
Intergovernmental	36,682	31,107
Licenses and permits	39,833	66,346
Charges for service	271,126	257,801
Fines and forfeitures	11,595	10,924
Investment earnings	11,007	15,086
Rental income	22,860	23,885
Operating grants, contributions and interest	133,542	113,176
Capital grants and contributions	565	156
Ticket and retail sales	215,698	198,428
Miscellaneous	310,657	250,908
Total Revenues	5,878,044	5,994,703
Expenditures		
General government	2,900,768	2,901,838
Public safety	2,781,299	2,381,998
Culture and recreation	954,849	921,419
Capital outlay	477,339	848,391
Debt service		
Principal retirements	93,228	65,000
Interest and fiscal charges	4,799	—
Total Expenditures	7,212,282	7,118,646
Deficiency Of Revenues Under Expenditures	(1,334,238)	(1,123,943)
Other Financing Sources		
Transfers in	250,000	250,000
Proceeds from capital lease	100,800	370,263
Proceeds from sale of asset	5,000	—
Other Financing Sources	355,800	620,263
Other Financing Uses		
Transfers out	1,330,000	—
Net Changes In Fund Balance	(2,308,438)	(503,680)
Fund Balance, Beginning Of Year	6,048,828	6,552,508
Fund Balance, End Of Year	\$ 3,740,390	\$ 6,048,828

CITY OF CRIPPLE CREEK

COMPARATIVE BALANCE SHEET - HISTORIC PRESERVATION FUND For The Years Ended December 31, 2014 And 2013

	Assets	
	2014	2013
Cash and cash equivalents	\$ 19,957	\$ 25,230
Investments	1,721,289	1,709,796
Receivables		
Accounts	137	1,015
Total Assets	\$ 1,741,383	\$ 1,736,041

Liabilities And Fund Balance

Liabilities		
Accounts payable	\$ 14,283	\$ 13,814
Accrued expenditures	924	1,379
Total Liabilities	15,207	15,193
Fund Balance		
Restricted	1,726,176	1,720,848
Total Liabilities And Fund Balance	\$ 1,741,383	\$ 1,736,041

CITY OF CRIPPLE CREEK

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - HISTORIC PRESERVATION FUND For The Years Ended December 31, 2014 And 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Gaming taxes	\$ 787,362	\$ 823,381
Investment earnings	2,973	2,792
Operating grants, contributions and interest	7,822	9,344
Ticket and retail sales	23,027	25,290
Miscellaneous	5,920	7,144
Total Revenues	827,104	867,951
Expenditures		
General government	379,681	417,957
Culture and recreation	139,627	212,431
Capital outlay	52,468	—
Total Expenditures	571,776	630,388
Excess Of Revenues Over Expenditures	255,328	237,563
Other Financing Uses		
Transfers out	(250,000)	(250,000)
Net Changes In Fund Balance	5,328	(12,437)
Fund Balance, Beginning Of Year	1,720,848	1,733,285
Fund Balance, End Of Year	\$ 1,726,176	\$ 1,720,848

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, 2014
(With Comparative Actual Amounts
For The Year Ended December 31, 2013)**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2013 Actual
Revenues					
Charges for service	\$ 946,400	\$ 946,400	\$ 842,357	\$ (104,043)	\$ 752,781
Device fees (security for debt)	1,512,000	1,512,000	1,542,182	30,182	1,612,327
Reimbursements	488,768	488,768	—	(488,768)	1,684
Tap fees	—	—	3,367	3,367	—
Grants	680,655	680,655	13,044	(667,611)	2,664,504
Other income	—	—	130,744	130,744	137,016
Investment earnings	2,000	2,000	4,131	2,131	4,087
Transfers in	1,330,000	1,330,000	1,330,000	—	—
Total Revenues	4,959,823	4,959,823	3,865,825	(1,093,998)	5,172,399
Expenditures					
Professional services	88,122	88,122	102,229	(14,107)	70,016
Supplies	133,600	133,600	159,040	(25,440)	142,863
Personnel services	936,550	936,550	720,342	216,208	776,593
Maintenance and repairs	292,206	292,206	351,985	(59,779)	291,946
Utilities and telephone	145,350	145,350	185,402	(40,052)	173,478
Other/miscellaneous	81,348	81,348	211,115	(129,767)	70,993
Capital outlay	6,617,478	6,617,478	5,732,528	884,950	547,092
Debt service	105,138	105,138	140,317	(35,179)	101,148
Total Expenditures	8,399,792	8,399,792	7,602,958	796,834	2,174,129
Change In Net Position	\$ (3,439,969)	\$ (3,439,969)	(3,737,133)	\$ (297,164)	2,998,270
Reconciliation To GAAP Basis					
Add					
Capital outlay			5,732,528		547,092
Principal retirement			73,994		32,700
Less					
Depreciation			<u>(1,064,176)</u>		<u>(876,045)</u>
Net Income			1,005,213		2,702,017
Net Position, Beginning Of Year			<u>20,117,645</u>		<u>17,415,628</u>
Net Position, End Of Year			<u>\$ 21,122,858</u>		<u>\$ 20,117,645</u>

Special Reports Section

CITY OF CRIPPLE CREEK

LOCAL HIGHWAY FINANCE REPORT

Financial Planning 02/0
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:
	YEAR ENDING: December 2014
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Paul Harris, Finance Director Phone: (719)689-2502

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)	5,428,588
a. Motor Fuel (from Item IA.5.)		2. Maintenance:	56,201
b. Motor Vehicle (from Item IB.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,881
2. General fund appropriations	3,300,000	b. Snow and ice removal	70,668
3. Other local imposts (from page 2)	611,239	c. Other	374,613
4. Miscellaneous local receipts (from page 2)	11,813	d. Total (a. through c.)	447,162
5. Transfers from toll facilities		4. General administration & miscellaneous	90,395
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	257,480
a. Bonds - Original Issues		6. Total (1 through 5)	6,279,826
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)	3,923,052	b. Redemption	
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	49,097	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,972,149	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)	6,279,826

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,421,158	3,972,149	6,279,826	113,481	0

Notes and Comments:

CITY OF CRIPPLE CREEK

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT	Colorado YEAR ENDING (mm/yy): December 2014
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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	118,770	a. Interest on investments	218
b. Other local imposts:		b. Traffic Fines & Penalties	11,595
1. Sales Taxes	481,432	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	11,037	g. Other Misc. Receipts	
6. Total (1. through 5.)	492,469	h. Other	
c. Total (a. + b.)	611,239	i. Total (a. through h.)	11,813
	(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	43,361	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	5,736	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	5,736	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	49,097	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		620,254	620,254
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		2,404,167	2,404,167
(4). System Enhancement & Operation		2,404,167	2,404,167
(5). Total Construction (1) + (2) + (3) + (4)	0	4,808,334	4,808,334
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	5,428,588	5,428,588
			(Carry forward to page 1)

Notes and Comments:

In 2014, the City completed the major improvement of our main street - Bennett Avenue. This included paving, curb gutter sidewalk, drainage, etc.