
CITY OF CRIPPLE CREEK,
COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2018



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Independent Auditors' Report

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through IV, budgetary comparison information on pages 43 - 44, the schedule of the City's proportionate share of the net pension liability and the schedule of the City's contributions and related ratios on pages 45 and 46 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 2017 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated July 27, 2018. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

June 27, 2019

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, 2018. 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 \$40,732,831 (total net position) for the calendar year reported. This represents a decrease of \$1,249,390, or 3%, over 2017. Much of the decrease was caused by depreciation expense recorded.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$33,489,792 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 \$2,561,218 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$4,681,821 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 \$5,714,669 this year. This compares to the prior year ending fund balance of \$5,230,821 showing an increase of \$483,848 during the current year. Unassigned fund balance of \$3,291,489 for calendar year 2018 shows a \$322,599 increase.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$3,291,489, or 43% 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 43 - 47, and other additional material on page 48 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

City of Cripple Creek, Colorado

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 \$40,732,831. Note that governmental activities encompass the City's General and Historic Preservation Funds. The business activities encompass the City's Enterprise Fund, which are primarily water collection/distribution and water/wastewater treatment. The following table provides a summary of the City's net position:

Summary of Net Position

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>	<u>% of Total</u>
Assets:				
Current assets	\$6,192,221	\$1,335,964	\$7,528,185	17.8%
Long-term assets	-	138,038	138,038	0.3%
Capital assets	<u>16,304,581</u>	<u>18,280,780</u>	<u>34,585,361</u>	81.9%
Total Assets	22,496,802	19,754,782	42,251,584	100%
Deferred Outflows of Resources				
Deferred pension outflow (Note 7)	241,235	-	241,235	
Liabilities:				
Current liabilities	201,290	150,669	351,959	22.6%
Long-term liabilities	<u>132,996</u>	<u>1,075,103</u>	<u>1,208,099</u>	77.4%
Total Liabilities	334,286	1,225,772	1,560,058	100%
Deferred Inflows of Revenues				
Property tax revenue	130,238		130,238	
Deferred pension inflow (Note 7)	69,692		69,692	
Net Position:	22,203,821	18,529,010	40,732,831	
Net investment in capital assets	16,304,581	17,185,211	33,489,792	82.2%
Restricted	2,423,180	138,038	2,561,218	6.3%
Unrestricted	<u>3,476,060</u>	<u>1,205,761</u>	<u>4,681,821</u>	11.5%
Total Net Position	<u><u>\$22,203,821</u></u>	<u><u>\$18,529,010</u></u>	<u><u>\$40,732,831</u></u>	100%

Additional Information:

<i>Current Ratio</i>	30.8	8.9	21.4
2017 Net Position	\$22,423,255	\$19,558,966	\$41,982,221
2018 Net Position	\$22,203,821	\$18,529,010	\$40,732,831
Dollar Change	\$(219,434)	\$(1,029,956)	\$(1,249,390)
Percent Change	-1.0%	-5.3%	-3.0%

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 30.8 to 1 and 8.9 to 1 for business-type activities. For the City overall, the current ratio is 21.4 to 1. Governmental activities increased primarily due to the increase in capital assets. Business-type activities increased because of the decrease in current long-term liabilities.

The City reported a decreased balance in net position for the governmental activity and the business-type activities. Net position decreased \$219,434, or 1% for governmental activities. Governmental activities net position was down primarily due to spending on capital assets (roads). The business-type activities decreased by \$1,029,956, or 5.3% for the year. The City's overall financial position decreased by \$1,249,390, or 3%.

Note that approximately 76.7% 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. 84.9% 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 2017 to 2018, by both governmental activities and business-type activities, as well as total net position.

Summary of Change in Net Position for Governmental Activities 2018 Compared to 2017

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 6,192,221	\$ 5,577,186	\$615,035	11.0%
Long-term assets	-	-	-	
Capital assets	<u>16,304,581</u>	<u>17,207,343</u>	<u>(902,762)</u>	-5.2%
Total Assets	22,496,802	22,784,529	(287,727)	-1.3%
Deferred Outflows of Resources				
Deferred pension outflow (Note 7)	241,235	303,507	(62,272)	
Liabilities:				
Current liabilities	201,290	352,980	(151,690)	-43.0%
Long-term liabilities	<u>132,996</u>	<u>174,674</u>	<u>(41,678)</u>	-23.9%
Total Liabilities	334,286	527,654	(193,368)	-36.6%
Deferred Inflows of Revenues				
Property tax revenue	130,238	126,728	3,510	2.8%
Deferred pension inflow (Note 7)	69,692	10,399	59,293	
Net Position	22,203,821	22,423,255	(219,434)	-1.0%
Net investment in capital assets	16,304,581	17,105,599	(801,018)	-4.7%
Restricted	2,423,180	2,261,931	161,249	7.1%
Unrestricted	<u>3,476,060</u>	<u>3,055,725</u>	<u>420,335</u>	13.8%
Total Net Position	\$ <u>22,203,821</u>	\$ <u>22,423,255</u>	\$ <u>(219,434)</u>	-1.0%

Summary of Statement of Net Position for Business-type Activities 2018 Compared to 2017

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 1,335,964	\$ 1,272,093	\$ 63,871	5.0%
Long-term assets	138,038	132,384	5,654	4.3%
Capital assets	<u>18,280,780</u>	<u>19,369,182</u>	<u>(1,088,402)</u>	-5.6%
Total Assets	19,754,782	20,773,659	(1,018,877)	-4.9%
Liabilities:				
Current liabilities	150,669	99,301	51,368	51.7%
Long-term liabilities	<u>1,075,103</u>	<u>1,115,392</u>	<u>(40,289)</u>	-3.6%
Total Liabilities	1,225,772	1,214,693	11,079	0.9%
Net Position:	18,529,010	19,558,966	(1,029,956)	-5.3%
Net investment in				
capital assets	17,185,211	18,230,713	(1,045,502)	-5.7%
Restricted	138,038	132,384	5,654	
Unrestricted	<u>1,205,761</u>	<u>1,195,869</u>	<u>9,892</u>	0.8%
Total Net Position	<u>\$ 18,529,010</u>	<u>\$ 19,558,966</u>	<u>\$ (1,029,956)</u>	-5.3%

Summary of Statement of Total Net Position - 2018 Compared to 2017

	2018	2017	Dollar Change	Percent Change
Assets:				
Current assets	\$7,528,185	\$6,849,279	\$678,906	9.9%
Long-term assets	138,038	132,384	5,654	4.3%
Capital assets	<u>34,585,361</u>	<u>36,576,525</u>	<u>(1,991,164)</u>	-5.4%
Total Assets	42,251,584	43,558,188	(1,306,604)	-3.0%
Deferred Outflows of Resources				
Deferred pension outflow (Note 7)	241,235	303,507	(62,272)	
Liabilities:				
Current liabilities	351,959	452,281	(100,322)	-22.2%
Long-term liabilities	<u>1,208,099</u>	<u>1,290,066</u>	<u>(81,967)</u>	-6.4%
Total Liabilities	1,560,058	1,742,347	(182,289)	-10.5%
Deferred Inflows of Revenues				
Property tax revenue	130,238	126,728	3,510	2.8%
Deferred pension inflow (Note 7)	69,692	10,399	59,293	
Net Position:	40,732,831	41,982,221	(1,249,390)	-3.0%
Net investment in				
capital assets	33,489,792	35,336,312	(1,846,520)	-5.2%
Restricted	2,561,218	2,394,315		
Unrestricted	<u>4,681,821</u>	<u>4,251,594</u>	<u>430,227</u>	10.1%
Total Net Position	<u>\$40,732,831</u>	<u>\$41,982,221</u>	<u>\$(1,249,390)</u>	-3.0%

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	\$ 834,180	\$ 963,932	\$ 1,798,112	17.5%
Grants, contributions, etc.	447,936	-	447,936	4.4%
Total Program Revenues	1,282,116	963,932	2,246,048	21.9%
<i>General Revenues:</i>				
Property Taxes	127,202		127,202	1.2%
Sales Taxes	847,089		847,089	8.2%
Gaming Taxes	2,568,118		2,568,118	25.0%
Other Taxes	26,989		26,989	0.3%
Device Fees	3,635,368	399,982	4,035,350	39.3%
Investment Earnings	79,772	21,188	100,960	1.0%
Miscellaneous	280,416	44,520	324,936	3.2%
Transfers	-		-	0.0%
Total General Revenues	7,564,954	465,690	8,030,644	78.1%
Total Revenues	8,847,070	1,429,622	10,276,692	100.0%
Expenses:				
General Government	3,789,475		3,789,475	34.2%
Public Safety	3,382,214		2,821,961	25.5%
Streets	945,133		945,133	8.5%
Culture and Recreation	1,054,427		1,054,427	9.5%
Interest	1,757		1,757	0.0%
Water and Sewer		2,459,578	2,459,578	22.2%
Total Expenses	9,173,006	2,459,578	11,072,331	100.0%
Change in Net Position	(219,434)	(1,029,956)	(1,249,390)	
Beginning Net Position	22,423,255	19,558,966	41,982,221	
Ending Net Position	\$ 22,203,821	\$ 18,529,010	\$ 40,732,831	

GOVERNMENTAL REVENUES

The City is heavily reliant on gaming industry to generate revenues. 41.1% of governmental general revenues are device fees. Device fees, the state gaming tax distribution to the general fund, and the distribution of gaming tax through the historic preservation fund make up 70.1% 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 \$127,202 in property taxes and \$847,089 in sales and lodging taxes, the gaming taxes, which are received annually from the State of Colorado, based on market share, make up 29% of governmental general revenues. Therefore, when you combine device fee revenue (41.1%) and gaming taxes (29%), the governmental revenues directly attributable to gaming is 70.1%. 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 2018: property taxes were down \$207, sales and lodging tax collections were up \$278,421 or 49%, with the new lodging tax contributing \$239,428 of the increase. Investment earnings were up \$33,692 or 73%, due to higher interest rates/returns and more funds available for investment.

GOVERNMENTAL FUNCTIONAL EXPENSES

Eighty eight percent of total governmental expenditures are spent on general government, public safety and streets, which is the same as in 2017. 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 - 2018 Compared to 2017

	Total Cost 2018	Total Cost 2017	Dollar Change	Percent Change
General government	3,789,475	3,662,526	126,949	3.5%
Public Safety	2,821,961	3,522,701	(700,740)	-19.9%
Streets	945,133	958,662	(13,529)	-1.4%
Interest	1,757	3,366	(1,609)	-47.8%
Culture & Recreation	1,054,427	1,121,534	(67,107)	-6.0%
Total	\$ 8,612,753	\$ 9,268,789	\$(656,036)	-7.1%

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 down \$74,625, or 6.9% from 2017, due to less water sales to Newmont Mining. Operating expenses were up \$194,253 or 8.8% more than 2017. These business-type activities reported a \$1,389,998 operating loss compared to an operating loss of \$1,121,120 for the prior year, an increase of \$268,878 or 24%. 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. The total net position decreased in calendar 2018 by \$1,029,956 versus a decrease of \$618,485 in calendar 2017. Personnel service costs (labor costs) increased \$87,373 or 14% over 2017, due one staff member being added. Depreciation costs increased approximately \$28,893 over calendar 2017.

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 \$5,714,669. Of this year-end total, \$3,291,489, or 58% 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 \$2,423,180. The total ending fund balances of governmental funds shows a increase of \$137,483 or 2.5% compared to the prior 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 increased by \$313,989 or 10%, due to receiving grant reimbursement dollars. Property taxes represent only 1.6% of total general fund revenues. Device fee revenue increased \$52,367, or 3.7% for the year. Gaming taxes received by the general fund increased \$85,957, or approximately 5.3%. The increase was caused by a state-wide increase in gaming taxes paid, which the City receives a portion of based on market share between the three towns. Investment earnings were up \$16,016 or 56%, due to higher interest rates/returns and more funds available for investment.

In the General Fund, the expenditures side shows a decrease of \$1,726,072 or 19% over the prior year. Expenditures decreased due to the completion of the Teller 1 road projects in 2017. The General Fund's ending fund balance is considered adequate, representing the equivalent of 46% of annual expenditures. The figure was 34% for 2017.

The Historic Preservation Fund increased its fund balance by \$169,856 or 8.3%. Revenues increased \$4,6956, or 4.2% compared to 2017, primarily due to the increase in the Historic Preservation tax distribution. Expenses decreased \$35,628, or 3.8%.

Budgetary Highlights

The following table highlights the 2018 adopted budget vs. the actual experience that was incurred during the year.

Budgetary Highlights by Fund

	2018 Adopted Budget	2018 Actual	Variance - Actual to Budget
General Fund:			
Revenues	7,715,124	7,784,052	68,928
Expenditures	7,904,313	7,570,063	(334,250)
Historic Preservation Fund:			
Revenues	1,454,786	1,429,622	(25,164)
Expenditures	1,447,270	1,414,076	(33,194)
Enterprise Fund:			
Revenues	1,135,138	1,169,520	34,382
Expenditures	1,128,371	899,661	(228,710)

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, 2018, was \$16,304,581 and \$17,185,211 respectively. The total decrease in this net investment was 4.7% for governmental and a decrease of 5.7% for business-type activities. See Note 4 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$8,035,941	\$8,035,941	\$973,015	\$973,015	\$9,008,956	\$9,008,956
Construction in progress	\$106,210					-
Water rights			1,658,254	1,658,254	1,658,254	1,658,254
Total non-depreciable	8,142,151	8,035,941	2,631,269	2,631,269	10,667,210	10,667,210
Depreciable assets:						
Land improvements			12,271,155	12,271,155	12,271,155	12,271,155
Buildings	14,725,433	14,725,433			14,725,433	14,725,433
Equipment	2,462,865	2,424,140	1,534,183	1,511,648	3,997,048	3,935,788
Infrastructure and plants	33,803,925	25,649,908	18,406,668	18,406,668	52,210,593	44,056,576
Total Depreciable assets	50,992,223	42,799,481	32,212,006	32,189,471	83,204,229	74,988,952
Less accumulated depreciation	34,687,642	33,628,079	16,562,495	15,451,558	51,250,137	49,079,637
Book value - depreciable assets	16,304,581	9,171,402	15,649,511	16,737,913	31,954,092	25,909,315
Percentage depreciated	68%	79%	51%	48%	62%	65%
Book value - all assets	\$24,446,732	\$17,207,343	\$18,280,780	\$19,369,182	\$42,727,512	\$36,576,525
Change in \$	7,239,389		(1,088,402)		6,150,987	
Change in %	42.1%		-5.6%		16.8%	

At December 31, 2018, the depreciable capital assets for governmental activities were 68% depreciated. This compares to 79% at December 31, 2017. With the City's business type activities, 51% of the asset values were depreciated at December 31, 2018 compared to 48% at December 31, 2017. Overall, the City percentage of assets depreciated in both governmental and business activity is 62%.

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 \$1,095,569, which represents a decrease of 3.8% from 2017. 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
	2018	2017	2018	2017	2018	2017	
Revenue Bonds	\$ -	\$ -	\$664,169	\$694,369	\$664,169	\$694,369	-4.3%
Capital Leases	-	101,744	-	-	-	101,744	-100.0%
Notes			431,400	444,100	431,400	444,100	-2.9%
Compensated absences	166,245	157,994	30,917	24,779	197,162	182,773	7.9%
Total	\$166,245	\$259,738	\$1,126,486	\$1,163,248	\$1,292,731	\$1,422,986	-9.2%

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 2018 – of \$1,093,955, or 9.5%. The revenue decrease came from grant revenues related to the Teller 1 road project, which were received in 2017. Four very important areas of revenue experienced the following in 2017:

- 1). Device Fees. Device Fees were up \$52,367, or 1.5% due to additional gaming devices in town.
- 2). Gaming Taxes. Gaming taxes were up \$118,842, or 4.9% in the General Fund and Historic Preservation Funds.
- 3). Sales Tax. Sales tax was up \$39,173, or 6.9%, due to improving overall economic conditions.
- 4). The new lodging tax, which began in January 2018, generated an additional \$239K in revenue for the city.

This is the first year in quite some time that the first three indicators have all increased year over year.

Summary of Revenues and Expenditures

Total Revenues - All Funds			Dollar	Percent
	2018	2017	Change	Change
General Fund	\$ 7,784,052	\$8,706,478	\$(922,426)	-10.6%
Historic Preservation Fund	1,169,520	1,122,564	46,956	4.2%
Enterprise Fund	1,429,622	1,648,107	(218,485)	-13.3%
Total	10,383,194	11,477,149	(1,093,955)	-9.5%

Total Expenditures - All Funds

Total Expenditures - All Funds			Dollar	Percent
	2018	2017	Change	Change
General Fund	7,570,063	9,296,135	(1,726,072)	-18.6%
Historic Preservation Fund	899,661	935,289	(35,628)	-3.8%
Enterprise Fund	1,414,076	1,220,148	193,928	15.9%
Total	9,883,800	11,451,572	(1,567,772)	-13.7%

Excess (Deficit) Revenues to Expenditures

Excess (Deficit) Revenues to Expenditures			Dollar	Percent
	2018	2017	Change	Change
General Fund	213,989	(589,657)	803,646	-136.3%
Historic Preservation Fund	269,859	187,275	82,584	44.1%
Enterprise Fund	15,546	427,959	(412,413)	96.4%
Total	\$ 499,394	\$25,577	\$473,817	-1852.5%

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 decreased total expenditures by \$1,567,772, or 13.7%, from 2017 to 2018. The majority of the decrease in expenses were related to the General Fund's the Teller 1 road project being completed in 2017.

In summary, the City had decreases in both revenue and expense in 2018, compared to 2017, with expenses going down more than revenue. 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 raised. The fee charged per device has not increased in twenty-seven 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 have had increases in recent years, due to better overall gaming conditions, and increases in Cripple Creek's state market share. Market share between the three gaming towns, based on Adjusted Gross Proceeds, is the basis for the tax distribution.

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, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Cash and cash equivalents	\$ 502,317	\$ 413,566	\$ 915,883
Investments	4,856,976	891,953	5,748,929
Receivables:			
Accounts	523,417	30,445	553,862
Property taxes	130,238	—	130,238
Capital Assets			
Nondepreciable capital assets	8,142,151	2,631,269	10,773,420
Depreciable capital assets, net	8,162,430	15,649,511	23,811,941
Other Long-Term Assets			
Restricted investments	—	138,038	138,038
Net pension asset	179,273	—	179,273
Total Assets	22,496,802	19,754,782	42,251,584
Deferred Outflows Of Resources			
Deferred pension outflow	241,235	—	241,235
Liabilities			
Current Liabilities			
Accounts payable	110,628	57,397	168,025
Accrued expenses	57,413	7,292	64,705
Accrued interest	—	18,100	18,100
Unearned revenues	—	16,497	16,497
Compensated absences payable	33,249	6,183	39,432
Notes payable	—	13,300	13,300
Revenue bonds payable	—	31,900	31,900
Long-Term Liabilities			
Compensated absences payable	132,996	24,734	157,730
Notes payable	—	418,100	418,100
Revenue bonds payable	—	632,269	632,269
Total Liabilities	334,286	1,225,772	1,560,058
Deferred Inflows Of Resources			
Property tax revenue	130,238	—	130,238
Deferred pension inflow	69,692	—	69,692
Total Deferred Inflows Of Resources	199,930	—	199,930
Net Position			
Net investment in capital assets	16,304,581	17,185,211	33,489,792
Restricted for:			
Emergencies	215,474	—	215,474
Historic preservation	2,207,706	—	2,207,706
Debt service	—	138,038	138,038
Unrestricted	3,476,060	1,205,761	4,681,821
Total Net Position	\$ 22,203,821	\$ 18,529,010	\$ 40,732,831

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018

Function/Program	Expenses	Program Revenues			Net Revenue (Expenses) And Changes In Net Position		
		Charges For Services And Sales	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General government	\$ 3,789,475	\$ 403,986	\$ 206,874	\$ —	\$ (3,178,615)	\$ —	\$ (3,178,615)
Public safety	3,382,214	15,388	232,665	—	(3,134,161)	—	(3,134,161)
Streets	945,133	74,655	—	106,502	(763,976)	—	(763,976)
Culture and recreation	1,054,427	340,151	8,397	—	(705,879)	—	(705,879)
Interest	1,757	—	—	—	(1,757)	—	(1,757)
Total Governmental Activities	9,173,006	834,180	447,936	106,502	(7,784,388)	—	(7,784,388)
Business-Type Activities							
Water and sewer	2,459,578	963,932	—	—	—	(1,495,646)	(1,495,646)
Total - Primary Government	\$ 11,632,584	\$ 1,798,112	\$ 447,936	\$ 106,502	(7,784,388)	(1,495,646)	(9,280,034)
General Revenues							
					127,202	—	127,202
					847,089	—	847,089
					2,568,118	—	2,568,118
					26,989	—	26,989
					3,635,368	399,982	4,035,350
					79,772	21,188	100,960
					280,416	44,520	324,936
					7,564,954	465,690	8,030,644
Changes In Net Position					(219,434)	(1,029,956)	(1,249,390)
Net Position, Beginning Of Year					22,423,255	19,558,966	41,982,221
Net Position, End Of Year					\$ 22,203,821	\$ 18,529,010	\$ 40,732,831

CITY OF CRIPPLE CREEK, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS**December 31, 2018**

	Assets		
	General	Historic Preservation	Total Governmental Funds
Cash and cash equivalents	\$ 264,956	\$ 237,361	\$ 502,317
Investments	2,877,601	1,979,375	4,856,976
Receivables:			
Accounts	505,825	900	506,725
Property taxes	146,930	—	146,930
Total Assets	\$ 3,795,312	\$ 2,217,636	\$ 6,012,948
Liabilities, Deferred Inflows Of Resources And Fund Balance			
Liabilities			
Accounts payable	\$ 102,526	\$ 8,102	\$ 110,628
Accrued expenditures	55,585	1,828	57,413
Total Liabilities	158,111	9,930	168,041
Deferred Inflows Of Resources			
Property tax revenue	130,238	—	130,238
Fund Balance			
Restricted	215,474	2,207,706	2,423,180
Unassigned	3,291,489	—	3,291,489
Total Fund Balance	3,506,963	2,207,706	5,714,669
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 3,795,312	\$ 2,217,636	\$ 6,012,948

CITY OF CRIPPLE CREEK, COLORADO

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

December 31, 2018

Total Governmental Fund Balances	\$	5,714,669
 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		8,142,151
Depreciable capital assets	\$ 42,850,072	
Less: Accumulated depreciation	<u>(34,687,642)</u>	8,162,430
 Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, are not reported in the funds.		
Net pension asset		179,273
Deferred outflow of resources		241,235
Deferred inflow of resources		(69,692)
 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>(166,245)</u>
 Net Position Of Governmental Activities	 \$	 <u><u>22,203,821</u></u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2018

	General	Historic Preservation	Total Governmental Funds
Revenues			
Property taxes	\$ 127,202	\$ —	\$ 127,202
Sales taxes	607,841	—	607,841
Lodging taxes	239,248	—	239,248
Gaming taxes	1,702,590	865,528	2,568,118
Other taxes	26,989	—	26,989
Device fees	3,635,368	—	3,635,368
Intergovernmental	663,284	—	663,284
Licenses and permits	121,942	—	121,942
Charges for service	319,560	—	319,560
Fines and forfeitures	12,681	—	12,681
Investment earnings	44,735	35,037	79,772
Rental income	21,502	200,000	221,502
Operating grants, contributions and interest	—	8,397	8,397
Ticket and retail sales	742	40,519	41,261
Miscellaneous	260,368	20,039	280,407
Total Revenues	7,784,052	1,169,520	8,953,572
Expenditures			
Current:			
General government	3,257,479	435,743	3,693,222
Public safety	3,171,472	—	3,171,472
Streets	337,888	—	337,888
Culture and recreation	531,885	453,688	985,573
Capital outlay	167,838	10,230	178,068
Debt service:			
Principal retirements	101,744	—	101,744
Interest payments	1,757	—	1,757
Total Expenditures	7,570,063	899,661	8,469,724
Other Financing Sources (Uses)			
Transfers in (out)	100,000	(100,000)	—
Net Changes In Fund Balance	313,989	169,859	483,848
Fund Balance, Beginning Of Year	3,192,974	2,037,847	5,230,821
Fund Balance, End Of Year	\$ 3,506,963	\$ 2,207,706	\$ 5,714,669

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, 2018

Net Change In Fund Balances - Total Governmental Funds	\$	483,848
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Depreciation expense	\$ (1,059,563)	
Capital outlay	<u>156,801</u>	(902,762)
<p>Pension amounts do not use current financial resources and, therefore, are not reported in the governmental funds.</p>		
		105,987
<p>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.</p>		
		101,744
<p>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.</p>		
Liability at December 31, 2018	(166,245)	
Liability at December 31, 2017	<u>157,994</u>	
Changes in compensated absences		<u>(8,251)</u>
Change In Net Position Of Governmental Activities	\$	<u><u>(219,434)</u></u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION - WATER AND SEWER FUND

December 31, 2018

(With Comparative Financial Information

As Of December 31, 2017)

Assets

	2018	2017
Current Assets		
Cash and cash equivalents	\$ 413,566	\$ 323,554
Investments	891,953	876,419
Accounts receivable	30,445	72,120
Total Current Assets	1,335,964	1,272,093
Noncurrent Assets		
Restricted assets:		
Investments	138,038	132,384
Capital assets:		
Nondepreciable capital assets	2,631,269	2,631,269
Depreciable capital assets, net	15,649,511	16,737,913
Total Noncurrent Assets	18,418,818	19,501,566
Total Assets	19,754,782	20,773,659

Liabilities And Net Position

Current Liabilities		
Accounts payable	57,397	17,954
Accrued wages	7,292	2,696
Accrued interest	18,100	15,689
Unearned revenues	16,497	15,106
Compensated absences payable	6,183	4,956
Notes payable	13,300	12,700
Revenue bonds payable	31,900	30,200
Total Current Liabilities	150,669	99,301
Long-Term Liabilities		
Compensated absences payable	24,734	19,823
Notes payable	418,100	431,400
Revenue bonds payable	632,269	664,169
Total Long-Term Liabilities	1,075,103	1,115,392
Total Liabilities	1,225,772	1,214,693
Net Position		
Net investment in capital assets	17,185,211	18,230,713
Restricted	138,038	132,384
Unrestricted	1,205,761	1,195,869
Total Net Position	\$ 18,529,010	\$ 19,558,966

CITY OF CRIPPLE CREEK, COLORADO

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

For The Year Ended December 31, 2018
(With Comparative Financial Information
For The Year Ended December 31, 2017)

	2018	2017
Operating Revenues		
Water fees	\$ 757,552	\$ 833,560
Sewer fees	200,380	183,051
Tap fees	6,000	20,208
Miscellaneous	44,520	46,258
Total Operating Revenues	1,008,452	1,083,077
Operating Expenses		
Professional services	97,748	65,752
Supplies	33,902	26,994
Personnel services	712,876	625,503
Maintenance and repairs	191,568	165,696
Utilities and telephone	174,698	169,430
Depreciation	1,110,937	1,087,044
Other	76,721	63,778
Total Operating Expenses	2,398,450	2,204,197
Operating Loss	(1,389,998)	(1,121,120)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(61,128)	(62,395)
Interest earnings	21,188	9,280
Grants	—	153,901
Device fees (security for debt)	399,982	401,849
Total Nonoperating Revenues	360,042	502,635
Changes in net position	(1,029,956)	(618,485)
Net Position, Beginning Of Year	19,558,966	20,177,451
Net Position, End Of Year	\$ 18,529,010	\$ 19,558,966

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF CASH FLOWS - WATER AND SEWER FUND

For The Year Ended December 31, 2018

(With Comparative Financial Information

For The Year Ended December 31, 2017)

	2018	2017
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,051,518	\$ 1,353,057
Cash payments to employees for personnel services	(702,142)	(627,511)
Cash payments for goods and services	(535,194)	(561,080)
Net Cash Provided By (Used In) Operating Activities	(185,818)	164,466
Cash Flows From Noncapital Financing Activities		
Device fees	399,982	401,849
Grants	—	153,901
Net Cash Provided By Noncapital Financing Activities	399,982	555,750
Cash Flows From Capital And Related Financing Activities		
Principal paid on revenue bonds	(30,200)	(28,500)
Principal paid on notes	(12,700)	(12,100)
Interest paid on capital financing	(58,717)	(60,890)
Payments for capital acquisitions	(22,535)	(133,727)
Net Cash Used In Capital And Related Financing Activities	(124,152)	(235,217)
Cash Flows From Investing Activities		
Investment earnings	21,188	9,280
Purchase of investments	(21,188)	(509,280)
Net Cash Used In Investing Activities	—	(500,000)
Net Increase (Decrease) In Cash And Cash Equivalents	90,012	(15,001)
Cash And Equivalents, Beginning Of Year	323,554	338,555
Cash And Equivalents, End Of Year	\$ 413,566	\$ 323,554
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (1,389,998)	\$ (1,121,120)
Adjustments		
Depreciation	1,110,937	1,087,044
(Increase) decrease in assets:		
Accounts receivable	41,675	267,021
Increase (decrease) in liabilities:		
Accounts payable	39,443	(69,430)
Accrued wages	4,596	(1,874)
Unearned revenue	1,391	2,959
Compensated absences payable	6,138	(134)
Net Cash Provided By (Used In) Operating Activities	\$ (185,818)	\$ 164,466

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2018

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 or (3) 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 these criteria, 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. 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. Other revenue sources not properly included with program revenues are reported as 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 deferred outflows, and liabilities and deferred inflows, 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 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 unearned 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, in the government-wide financial statements, 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. If not collected within 60 days of year end, the property tax receivable is recorded as a deferred inflow of resources.

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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.

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 acquisition value as of the date received. The City maintains a capitalization threshold of \$5,000.

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	—

At the inception of capital leases at the governmental fund reporting level, capital outlay 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. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68).

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 government-wide financial statements in the period that the amounts were levied for. The City has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements of GASB 68.

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 activities and the business-type activities. 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 the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts and deferred amounts on refunding, if any, are deferred and amortized over the life of the debt instrument using the straight-line method. Outstanding debt instruments are reported net of the applicable premiums and discounts.

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan (SWDBP) and additions to/deductions from SWDBP's fiduciary net position have been determined on the same basis as they are reported by SWDBP. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. Assigned fund balance includes amounts constrained for a specific purpose by the governing body or a committee or official that has been designated authority by the City Council to assign amounts. 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. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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).

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Estimates

The preparation of the financial statements in conformity with GAAP 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, 2017, from which the summarized information was derived.

Stewardship, Compliance And Accountability

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

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

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

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

2. Cash And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) of 1989 requires that all units of local government deposit cash in eligible public depositories. 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. At December 31, 2018, the City had bank deposits of \$875,886 collateralized with securities held by the financial institution's agent but not in the City's name.

Custodial Credit Risk - This 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, 2018, the City's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation and collateralized in accordance with PDPA. The City does not have a deposit policy for custodial credit risk beyond Colorado State Statute requirements.

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, 2018, the Bond Reserve Account held a balance of \$76,560 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 the Trust) account.

The 1997 promissory note requires a reserve fund be established to pay for principal and interest if the City does not make the loan payments. The requirements of the reserve are approximately 1/12 of the annual principal and interest payments. As of December 31, 2018, the enterprise fund reserved \$61,478 to meet the requirement. The City holds the investment in a COLOTRUST account.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Investments

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

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

As of December 31, 2018, the City's investments had the following maturities:

Investment Type For The City	Fair Value	Up To 120 Days	Credit Rating
<u>COLOTRUST</u>	<u>\$ 5,886,967</u>	<u>\$ 5,886,967</u>	<u>AAAm</u>
<u>Total Investments Controlled By The City</u>	<u>\$ 5,886,967</u>	<u>\$ 5,886,967</u>	

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The City invested \$5,886,967 in COLOTRUST. The 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 investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming shares, COLOTRUST maintains a stable net asset value (NAV) of \$1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a *pro rata* share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV. COLOTRUST 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.colotruster.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture, and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Total Cash, Cash Equivalents And Investments

Total cash and cash equivalents	\$ 915,883
Total investments and restricted investments	<u>5,886,967</u>
Total Cash, Cash Equivalents And Investments	<u><u>\$ 6,802,850</u></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.

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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 100% 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, 2018 consisted of taxes, fees and billings for user charges and other grant reimbursements outstanding. 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. As the City determined all receivables to be collectible, no allowance for doubtful accounts was recorded as of December 31, 2018.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

4. Capital Assets

Capital asset government activity for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
Government Activities				
Capital assets not being depreciated:				
Land	\$ 8,035,941	\$ —	\$ —	\$ 8,035,941
Construction in process	—	106,210	—	106,210
Total Capital Assets Not Being Depreciated	8,035,941	106,210	—	8,142,151
Other Capital Assets				
Buildings	14,725,433	—	—	14,725,433
Equipment	2,424,140	38,725	—	2,462,865
Roads	15,790,053	11,866	—	15,801,919
Storm sewers	2,334,281	—	—	2,334,281
Sidewalks, curbs and gutters	1,440,448	—	—	1,440,448
Intersections	737,362	—	—	737,362
Street lights	1,092,679	—	—	1,092,679
Bridges	377,594	—	—	377,594
Vehicles	2,945,965	—	—	2,945,965
Parks	872,183	—	—	872,183
Street signs	59,343	—	—	59,343
Total Other Capital Assets	42,799,481	50,591	—	42,850,072
Total Cost	50,835,422	156,801	—	50,992,223
Accumulated Depreciation				
Buildings	9,683,109	526,295	—	10,209,404
Equipment	2,131,036	79,404	—	2,210,440
Roads	14,142,997	131,609	—	14,274,606
Storm sewers	1,333,878	66,964	—	1,400,842
Sidewalks, curbs and gutters	1,212,547	72,022	—	1,284,569
Intersections	736,572	—	—	736,572
Street lights	949,613	—	—	949,613
Bridges	226,557	15,104	—	241,661
Vehicles	2,546,281	138,819	—	2,685,100
Parks	606,148	29,346	—	635,494
Street signs	59,341	—	—	59,341
Total Accumulated Depreciation	33,628,079	1,059,563	—	34,687,642
Governmental Activities Capital Assets, Net	\$ 17,207,343	\$ (902,762)	\$ —	\$ 16,304,581

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Governmental activities depreciation expenses were allocated as follows:

	<u>2018</u>
General government	\$ 66,735
Public safety	316,729
Streets	607,245
Culture and recreation	<u>68,854</u>
Total Governmental Activities Depreciation	<u>\$ 1,059,563</u>

Capital asset business-type activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2018</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 973,015	\$ —	\$ —	\$ 973,015
Water rights	1,658,254	—	—	1,658,254
Total Capital Assets Not Being Depreciated	<u>2,631,269</u>	<u>—</u>	<u>—</u>	<u>2,631,269</u>
Other Capital Assets				
Land improvements	12,271,155	—	—	12,271,155
Water system	13,560,139	—	—	13,560,139
Sewer system	2,382,547	—	—	2,382,547
Sewer plant	2,463,982	—	—	2,463,982
Equipment	1,511,648	22,535	—	1,534,183
Total Other Capital Assets	<u>32,189,471</u>	<u>22,535</u>	<u>—</u>	<u>32,212,006</u>
Total Capital Asset Cost	<u>34,820,740</u>	<u>22,535</u>	<u>—</u>	<u>34,843,275</u>
Accumulated Depreciation				
Land improvements	2,392,082	293,399	—	2,685,481
Water system	6,640,348	365,098	—	7,005,446
Sewer system	1,364,950	60,470	—	1,425,420
Sewer plant	869,951	37,509	—	907,460
Equipment	4,184,227	354,461	—	4,538,688
Total Accumulated Depreciation	<u>15,451,558</u>	<u>1,110,937</u>	<u>—</u>	<u>16,562,495</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,369,182</u>	<u>\$ (1,088,402)</u>	<u>\$ —</u>	<u>\$ 18,280,780</u>

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

5. Long-Term Debt

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

Business-Type Activities - USDA Note Payable

In 1997, the City signed a 40-year promissory note for \$508,000 at 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 annual payments totaling approximately \$34,000 through 2038. The principal and interest amounts remaining to be paid at December 31, 2018 were as follows:

1997 Series USDA Bond			
Year	Principal	Interest	Total
2019	\$ 13,300	\$ 20,537	\$ 33,837
2020	14,000	19,892	33,892
2021	14,600	19,213	33,813
2022	15,300	18,503	33,803
2023	16,100	17,759	33,859
2024 - 2028	92,500	80,626	173,126
2029 - 2033	117,100	57,037	174,137
2034 - 2038	148,500	27,181	175,681
Total	\$ 431,400	\$ 260,748	\$ 692,148

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Business-Type Activities - Water And Sewer Bonds

In 1992, the City issued the 1992 USDA Water Revenue Series Bonds 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, 2018 follow:

1992 Series USDA Bond			
Year	Principal	Interest	Total
2019	\$ 31,900	\$ 39,208	\$ 71,108
2020	33,800	37,325	71,125
2021	35,700	35,329	71,029
2022	37,900	33,222	71,122
2023	40,000	30,984	70,984
2024 - 2028	237,300	116,804	354,104
2029 - 2032	247,569	37,698	285,267
Total	\$ 664,169	\$ 330,570	\$ 994,739

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 (G.O.) Bonds. The bonds were issued to finance various construction projections within the enterprise fund, with the pledged revenue coming from device fees.

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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</u> <u>Year</u>	<u>Applicable</u> <u>Revenues</u>	<u>Less</u> <u>Operating</u> <u>Expenses</u>	<u>Net</u> <u>Available</u> <u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2018	\$ 1,429,622	\$ 2,398,450	\$ (968,828)	\$ 42,900	\$ 61,128	(9.3)

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. All capital lease activity was transferred into governmental activities during the year, and the City no longer reports any capital leases under business-type activities.

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 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%. The asset and the related lease were transferred fully into the governmental funds as of January 1, 2015.

The principal balance and interest payments on the capital lease were paid in full as of December 31, 2018.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

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>471,063</u>
Net Capitalized Lease Property	<u><u>\$ —</u></u>

Changes In Long-Term Debt

Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2018:

	Beginning December 31, 2017	Additions To Principal	Reductions To Principal	Ending December 31, 2018	Due In One Year
Governmental Activities					
Capital lease	\$ 101,744	\$ —	\$ 101,744	\$ —	\$ —
Compensated absences	157,994	8,251	—	166,245	33,249
Total Governmental Activities	\$ 350,870	\$ 8,251	\$ 101,744	\$ 166,245	\$ 33,249
	Ending December 31, 2017	Additions To Principal	Reductions To Principal	Ending December 31, 2018	Due In One Year
Business-Type Activities					
Water revenue bonds - 1992 (FmHA)	\$ 694,369	\$ —	\$ 30,200	\$ 664,169	\$ 31,900
USDA notes - 1997 (USDA)	444,100	—	12,700	431,400	13,300
Compensated absences	24,779	6,138	—	30,917	6,183
Total Business-Type Activities	\$ 1,169,550	\$ 6,138	\$ 42,900	\$ 1,126,486	\$ 51,383

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. Defined Contribution Pension Plan

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 \$228,278, and the employees contributed an equal amount. 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.

7. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

State-wide SWDBP Plan Description

Eligible employees of the City are provided with pensions through SWDBP, a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Members of SWDBP and their employers are contributing at the rate of 9% and 8%, respectively, of base salary for a total contribution rate of 17.5% in 2017. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0%, resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 21.5% of base salary through 2017. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022, for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated Social Security employers is 4.75% and 4%, respectively, of base salary for a total contribution rate of 8.75% in 2017. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the City is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the City were \$58,016 for the year ended December 31, 2018.

Pension Assets, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2018, the City reported a net pension asset of \$179,273 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net pension asset was based on City contributions to SWDBP for the calendar year 2017 relative to the total contributions of participating employers.

At December 31 2017, the City's portion was 0.1246%, which was a decrease of 0.0090% from its portion measured as of December 31, 2016.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

For the year ended December 31, 2018, the City recognized pension benefits of \$67,679. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>
Deferred Outflows Of Resources	
Changes of assumptions	\$ 27,010
Changes in proportion and differences between contributions and proportionate share of contributions	26,928
Differences between actual and expected experience	129,281
Contributions subsequent to measurement date	58,016
<hr/>	
Total Deferred Outflows Of Resources	\$ 241,235
<hr/>	
Deferred Inflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 60,869
Changes in proportion and differences between contributions and proportionate share of contributions	6,836
Differences between expected and actual experience	1,987
<hr/>	
Total Deferred Inflows Of Resources	\$ 69,692
<hr/>	

The amount of \$58,016 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
<hr/>	
2019	\$ 23,647
2020	33,886
2021	(7,258)
2022	(16,852)
2023	19,190
Thereafter	60,914
<hr/>	
Total	\$ 113,527
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CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumption and other inputs:

	<u>Actuarial Assumptions</u>
Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level % Payroll, Open
Remaining amortization period	30 Years
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4.0% - 14.0%
Cost of living adjustments	0.0%
 * Includes inflation at:	 2.5%

Effective January 1, 2016, the post-retirement mortality tables for nondisabled retirees is a blend of the Annuitant and Employee RP-2014 generational Mortality Tables with Blue Collar Adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational Mortality Tables for Disabled Annuitants, except an additional provision to apply a minimum 3% mortality probability to males and a 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty Mortality Tables are adjusted to 55% of the RP-2014 Mortality tables for active employees. The on-duty mortality rate is 0.02%.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate Of Return</u>
Global equity	37.00%	8.33%
Equity long/short	9.00%	7.15%
Illiquid alternatives	24.00%	9.70%
Fixed income	15.00%	3.00%
Absolute return	9.00%	6.46%
Managed futures	4.00%	6.85%
Cash	2.00%	2.26%
Total	100.00%	

The discount rate used to measure the total pension asset was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.26% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50% based upon the plan's fiduciary net position projected to be sufficient to pay benefits.

Sensitivity Of The City's Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ 195,175	\$ (179,273)	\$ (490,203)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained on FPPA's website at <http://www.fppaco.org>.

8. Defined Contribution Other Post-Employment 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 death and disability 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. This represented 2.0% for 2018, 2017 and 2016. The City contributed \$19,630, \$19,740 and \$18,439 to the Plan during 2018, 2017 and 2016, 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 the Consumer Price Index or 3%.

9. Net Position And Fund Balance

The net investment in capital assets on the government-wide statement of net position as of December 31, 2018 was computed as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 50,992,223	\$ 34,843,275
Less: Accumulated depreciation	34,687,642	16,562,495
Book value	16,304,581	18,280,780
Less: Capital-related debt	—	1,095,569
Net Investment In Capital Assets	\$ 16,304,581	\$ 17,185,211

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The table below delineates the City's December 31, 2018 ending fund balances for the governmental funds:

Fund Balances	General Fund	Historic Preservation Fund	Total
Restricted:			
Emergencies	\$ 215,474	\$ —	\$ 215,474
Historic preservation	—	2,207,706	2,207,706
Unassigned	3,291,489	—	3,291,489
Total Fund Balance	\$ 3,506,963	\$ 2,207,706	\$ 5,714,669

10. 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.

11. 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, 2018, 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.

12. 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 \$215,474 for emergency reserves in the General Fund, which it believes maintains compliance with TABOR.

13. 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.

14. Interfund Transactions

The Historic Preservation Fund made a transfer to the General Fund of \$100,000, which will not be paid back. The \$100,000 was used for marketing.

15. Related Party Transactions

The Mayor of the City is employed by the local electrical firm, District Supply. The City contracts with District Supply on an as-needed basis for electrical work. In 2018, the City had expenses of \$4,000 with Mestas Group, LLC.

16. Subsequent Events

On April 23, 2019, the City fully refunded its Series 1992A and Series 1997 Water Revenue Bonds order to obtain interest savings. \$1,050,000 of Series 2019A Water Revenue Refunding Bonds were issued with an average life of seven years and an average interest rate of 2.75%.

**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, 2018**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property tax	\$ 128,572	\$ 127,202	\$ (1,370)
Sales tax	575,000	607,841	32,841
Lodging taxes	200,000	239,248	39,248
Gaming taxes	1,671,365	1,702,590	31,225
Other taxes	18,000	26,989	8,989
Device fees	3,584,200	3,635,368	51,168
Intergovernmental	619,529	663,284	43,755
Licenses and permits	73,700	121,942	48,242
Charges for service	303,800	319,560	15,760
Fines and forfeitures	15,000	12,681	(2,319)
Investment earnings	29,000	44,735	15,735
Rental income	18,000	21,502	3,502
Ticket and retail sales	800	742	(58)
Miscellaneous	254,221	260,368	6,147
Total Revenues	7,491,187	7,784,052	292,865
Expenditures			
General government	3,489,678	3,257,479	232,199
Public safety	3,186,935	3,171,472	15,463
Streets	458,398	337,888	120,510
Culture and recreation	534,786	531,885	2,901
Capital outlay	181,630	167,838	13,792
Debt service:			
Principal retirements	103,500	101,744	1,756
Interest and fiscal charges	—	1,757	(1,757)
Total Expenditures	7,954,927	7,570,063	384,864
Other Financing Sources/Uses			
Transfers in	100,000	100,000	—
Net Changes In Fund Balance	\$ (363,740)	313,989	\$ 677,729
Fund Balance, Beginning Of Year		3,192,974	
Fund Balance, End Of Year		\$ 3,506,963	

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, 2018

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Gaming taxes	\$ 859,288	\$ 865,528	\$ 6,240
Investment earnings	14,500	35,037	20,537
Rental income	210,000	200,000	(10,000)
Operating grants, contributions and interest	7,700	8,397	697
Ticket and retail sales	33,000	40,519	7,519
Miscellaneous	10,650	20,039	9,389
Total Revenues	1,135,138	1,169,520	34,382
Expenditures			
General government	500,325	435,743	64,582
Culture and recreation	503,209	453,688	49,521
Total Expenditures	1,013,534	899,661	113,873
Other Financing Uses			
Transfer out	(100,000)	(100,000)	—
Net Changes In Fund Balance	<u>\$ 21,604</u>	<u>169,859</u>	<u>\$ 148,255</u>
Fund Balance, Beginning Of Year		<u>2,037,847</u>	
Fund Balance, End Of Year		<u>\$ 2,207,706</u>	

CITY OF CRIPPLE CREEK, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET

For The Year Ended December 31, (Measurement Date)

Employee Pension Plan

Year Four⁽¹⁾

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's portion of the net pension asset (liability)	0.1246%	0.1336%	0.1504%	0.1423%
City's proportionate share of the net pension asset (liability)	\$ 179,273	\$ (48,279)	\$ 2,651	\$ 160,592
City's employee payroll	\$ 731,112	\$ 709,191	\$ 729,600	\$ 710,738
City's proportionate share of the net pension asset (liability) as a percentage of its payroll	24.52%	-6.81%	0.36%	22.60%
Plan fiduciary net position as a percentage of the total pension asset	106.30%	98.21%	100.10%	106.80%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

CITY OF CRIPPLE CREEK, COLORADO

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
TO THE PENSION PLAN
For The Year Ended December 31,
Employee Pension Plan
Year Four⁽¹⁾**

	2018	2017	2016	2015
Contractually required contribution	\$ 54,194	\$ 58,489	\$ 56,735	\$ 58,368
Contributions in relation to the contractually required contribution	58,016	58,489	56,735	58,368
Contribution Deficiency (Excess)	\$ (3,822)	\$ —	\$ —	\$ —
City's employee payroll	\$ 677,421	\$ 731,112	\$ 709,191	\$ 729,600
Contributions as a percentage of covered-employee payroll	8.56%	8.00%	8.00%	8.00%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

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, COLORADO

COMPARATIVE BALANCE SHEET - GENERAL FUND

December 31, 2018

(With Comparative Financial Information

As Of December 31, 2017)

Assets

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 264,956	\$ 578,282
Investments	2,877,601	1,732,865
Receivables:		
Accounts	505,825	1,092,847
Property taxes	146,930	126,728
Total Assets	\$ 3,795,312	\$ 3,530,722

Liabilities, Deferred Inflows Of Resources And Fund Balance

Liabilities

Accounts payable	\$ 102,526	\$ 129,148
Other payables	—	38,773
Accrued expenditures	55,585	43,099
Total Liabilities	158,111	211,020

Deferred Inflows Of Resources

Property tax revenue	130,238	126,728
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Fund Balance

Restricted	215,474	224,084
Unassigned	3,291,489	2,968,890
Total Fund Balance	3,506,963	3,192,974

**Total Liabilities, Deferred Inflows Of Resources
And Fund Balance**

\$ 3,795,312 \$ 3,530,722

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND

For The Years Ended December 31, 2018
(With Comparative Financial Information
For The Year Ended December 31, 2017)

	2018	2017
Revenues		
Property tax	\$ 127,202	\$ 127,409
Sales tax	607,841	568,668
Lodging tax	239,248	—
Gaming taxes	1,702,590	1,616,633
Other taxes	26,989	21,078
Device fees	3,635,368	3,583,001
Intergovernmental	663,284	2,168,810
Licenses and permits	121,942	90,255
Charges for service	319,560	261,353
Fines and forfeitures	12,681	14,078
Investment earnings	44,735	28,719
Rental income	21,502	13,277
Ticket and retail sales	742	596
Miscellaneous	260,368	212,601
Total Revenues	7,784,052	8,706,478
Expenditures		
General government	3,257,479	3,086,122
Public safety	3,171,472	3,139,094
Streets	337,888	225,357
Culture and recreation	531,885	539,355
Capital outlay	167,838	2,202,746
Debt service:		
Principal retirements	101,744	100,095
Interest and fiscal charges	1,757	3,366
Total Expenditures	7,570,063	9,296,135
Deficiency Of Revenues Under Expenditures	213,989	(589,657)
Other Financing Sources		
Transfers in	100,000	100,000
Other Financing Sources	100,000	100,000
Net Changes In Fund Balance	313,989	(489,657)
Fund Balance, Beginning Of Year	3,192,974	3,682,631
Fund Balance, End Of Year	\$ 3,506,963	\$ 3,192,974

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE BALANCE SHEET - HISTORIC PRESERVATION FUND

December 31, 2018

(With Comparative Financial Information

As Of December 31, 2017)

	Assets	
	2018	2017
Cash and cash equivalents	\$ 237,361	\$ 325,786
Investments	1,979,375	1,719,339
Receivables:		
Accounts	900	1,339
Total Assets	\$ 2,217,636	\$ 2,046,464
Liabilities And Fund Balance		
Liabilities		
Accounts payable	\$ 8,102	\$ 7,459
Accrued expenditures	1,828	1,158
Total Liabilities	9,930	8,617
Fund Balance		
Restricted	2,207,706	2,037,847
Total Liabilities And Fund Balance	\$ 2,217,636	\$ 2,046,464

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - HISTORIC PRESERVATION FUND

For The Years Ended December 31, 2018
(With Comparative Financial Information
For The Year Ended December 31, 2017)

	2018	2017
Revenues		
Gaming taxes	\$ 865,528	\$ 832,643
Investment earnings	35,037	17,361
Rental income	200,000	200,000
Operating grants, contributions and interest	8,397	8,618
Ticket and retail sales	40,519	37,710
Miscellaneous	20,039	26,232
Total Revenues	1,169,520	1,122,564
Expenditures		
General government	435,743	436,295
Culture and recreation	453,688	498,994
Total Expenditures	899,661	935,289
Excess Of Revenues Over Expenditures	269,859	187,275
Other Financing Uses		
Transfers out	(100,000)	(100,000)
Net Changes In Fund Balance	169,859	87,275
Fund Balance, Beginning Of Year	2,037,847	1,950,572
Fund Balance, End Of Year	\$ 2,207,706	\$ 2,037,847

CITY OF CRIPPLE CREEK, COLORADO

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, 2018
(With Comparative Financial Information
For The Year Ended December 31, 2017)

	Original And Final Budget	Actual	Variance Favorable Unfavorable)	2017 Actual
Revenues				
Charges for service	\$ 1,009,885	\$ 957,932	\$ (51,953)	\$ 1,016,611
Device fees (security for debt)	397,800	399,982	2,182	401,849
Reimbursements	34,100	—	(34,100)	—
Tap fees	5,000	6,000	1,000	20,208
Grants	—	—	—	153,901
Other income	—	44,520	44,520	46,258
Investment earnings	8,000	21,188	13,188	9,280
Total Revenues	1,454,785	1,429,622	(25,163)	1,648,107
Expenditures				
Professional services	89,866	97,748	(7,882)	65,752
Supplies	34,750	33,902	848	26,994
Personnel services	730,503	712,876	17,627	625,503
Maintenance and repairs	190,350	191,568	(1,218)	165,696
Utilities and telephone	185,500	174,698	10,802	169,430
Other/miscellaneous	65,520	76,721	(11,201)	63,778
Capital outlay	23,500	22,535	965	—
Debt service	102,744	104,028	(1,284)	102,995
Total Expenditures	1,422,733	1,414,076	8,657	1,220,148
Change In Net Position	\$ 32,052	15,546	\$ (16,506)	427,959
Reconciliation To GAAP Basis				
Add:				
Capital outlay		22,535		—
Principal retirement		42,900		40,600
Subtract:				
Depreciation		(1,110,937)		(1,087,044)
Change In Net Position		(1,029,956)		(618,485)
Net Position, Beginning Of Year		19,558,966		20,177,451
Net Position, End Of Year		\$ 18,529,010		\$ 19,558,966

Special Reports Section

CITY OF CRIPPLE CREEK, COLORADO

LOCAL HIGHWAY FINANCE REPORT

Financial Planning 02/01

Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County:			
		YEAR ENDING: December 2018			
This Information From The Records Of City of Cripple Creek:		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)	118,076		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	125,193		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	6,564		
2. General fund appropriations	189,190	b. Snow and ice removal	40,777		
3. Other local imposts (from page 2)	750,245	c. Other	47,616		
4. Miscellaneous local receipts (from page 2)	12,682	d. Total (a. through c.)	94,957		
5. Transfers from toll facilities		4. General administration & miscellaneous	165,354		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	300,626		
a. Bonds - Original Issues		6. Total (1 through 5)	804,206		
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)	952,117	b. Redemption			
B. Private Contributions	0	c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	183,480	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	1,135,597	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)	804,206		
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
	444,935	1,135,597	804,206	776,326	0
Notes and Comments:					

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

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CITY OF CRIPPLE CREEK, COLORADO

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2018

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	126,505	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,682
1. Sales Taxes	607,841	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	15,899	g. Other Misc. Receipts	
6. Total (1. through 5.)	623,740	h. Other	
c. Total (a. + b.)	750,245	i. Total (a. through h.)	12,682
	(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	65,888	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	11,090	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant	106,502	f. Other Federal	
f. Total (a. through e.)	117,592	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	183,480	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	0
b. Engineering Costs		106,210	106,210
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		0	0
(4). System Enhancement & Operation		11,866	11,866
(5). Total Construction (1) + (2) + (3) + (4)	0	11,866	11,866
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	118,076	118,076
			(Carry forward to page 1)

Notes and Comments:

In 2018, the City most of the city's engineering expense was on a CDOT TAP grant.