

**CITY OF CENTRAL, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2016**



**RECEIVED**

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## **FINANCIAL SECTION**



Honorable Mayor and Members of the City Council  
City of Central  
Central City, Colorado

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Central as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Central, 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 did not audit the financial statements of the City of Central Business Improvement District, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Central Business Improvement District, is based solely on the report of the other auditors. 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 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 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Central as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters (Required Supplementary Information)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 Matters (Other Information)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Central's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the 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.

*Ernst & Young LLP*

September 13, 2017

**City of Central, Colorado**  
**Management Discussion & Analysis**  
**December 31, 2016**

As management of the City of Central, (“City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended December 31, 2016.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements and provide the reader with greater detail and explanation of areas and/or issues the City’s Management feels are significant. This discussion and analysis is divided into two basic parts. The first section provides an overview and discussion of the basic components of the financial statements. The second section of this report provides figurative analysis of the financial statements themselves. Management recommends reviewing the financial statements in conjunction with this report.

The City’s financial statements are comprised of several components including: government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, other supplementary information, and compliance reports. Each of these components provides readers with differing levels of detail and discusses the City’s activities and financial position in different scopes.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business. For that reason, the government-wide financial statements are calculated using the Accrual basis of accounting like the private-sector. Government-wide statements incorporate all aspects of the City’s financial condition and provide the reader a general knowledge of financial activities.

The *Statement of Net Position* presents information on all City assets, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City’s net position changed during the most recent fiscal year. While the *Statement of Net Position* focuses on total changes in assets and liabilities, the *Statement of Activities* focuses on the underlying causes of those total changes. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police and fire), streets, historic preservation and parks. The business-type activities of the City include water distribution and system maintenance.

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The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements:** Fund Financial Statements detail the status and changes within certain Fund groups. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds can be divided into two separate categories: Governmental Funds and Proprietary Funds.

*Governmental Funds*--Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending in future years, provided that balances restricted for certain purposes are spent for those purposes only. Governmental Funds utilize the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements display detailed short-term views of cash, operations, and the basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of a government's near-term financing decisions. Both the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds* provide reconciliations to facilitate this comparison between governmental funds reported on the modified accrual basis of accounting, and governmental activities reported on the full accrual basis.

The City of Central maintains seven (7) individual governmental funds. Information is presented by fund name in the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds* for three of these funds because they meet the criteria to be considered "major funds" (General Fund, Transportation Fund, and Capital Improvement Fund). The other four (Historic Preservation Fund, Conservation Trust Fund, Impact Fees Fund, and Public Property Trust Fund) are combined in a column titled "Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds is provided in the back of this report in the section titled "Supplementary Information."

*Proprietary Funds*--The City's water utility operations and all related financial activity are reported in a proprietary fund known as the Water Fund. Proprietary funds focus on overall economic position rather than year-end fund balances, and utilize the full accrual method of accounting. An Enterprise Fund is the type of proprietary fund used to account for utility operations. It reports the same functions that are presented as business-type activities in the government-wide financial statements, only in a bit more detail. Proprietary fund financial statements can be found on pages 7-9 of this report.

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**Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are the final section of the basic financial statements. They can be found on pages 10-27 of this report.

**Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's budget and pension plan. Certain pension plan information and budgetary comparison statements for the General Fund and the Transportation Fund are included as "Required Supplementary Information" on pages 28-32 of this report. Budgetary comparison schedules for the other funds with adopted budgets are displayed on pages 35-38 in the "Supplementary Information" section of the report. These statements and schedules demonstrate compliance with the Town's adopted and final revised budgets.

**Government-Wide Financial Analysis**

As mentioned previously, net position may serve over time as a useful indicator of a government's financial position. The chart on the following page displays the changes in net position experienced by the City over the last two years. The City of Central's total assets exceeded its liabilities and deferred inflows of resources by \$41,741,780 at the close of 2016.

**City of Central, Colorado**  
**Management Discussion & Analysis**  
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City of Central's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 5,138,564	\$ 5,133,757	\$ 173,863	\$ 101,253	\$ 5,312,427	\$ 5,235,010
Capital assets, net	29,664,591	31,182,345	9,715,648	10,058,271	39,380,239	41,240,616
Internal balances	1,089,205	1,205,693	(1,089,205)	(1,205,693)	-	-
<b>Total assets</b>	<b>\$ 35,892,360</b>	<b>\$ 37,521,795</b>	<b>\$ 8,800,306</b>	<b>\$ 8,953,831</b>	<b>\$ 44,692,666</b>	<b>\$ 46,475,626</b>
Long-term debt outstanding	1,869,987	2,125,781	5,786	600	1,875,773	2,126,381
Current liabilities	734,389	1,027,182	22,376	52,577	756,765	1,079,759
Net pension liability	61,829	26,115	-	-	61,829	26,115
<b>Total liabilities</b>	<b>\$ 2,666,205</b>	<b>\$ 3,179,078</b>	<b>\$ 28,162</b>	<b>\$ 53,177</b>	<b>\$ 2,694,367</b>	<b>\$ 3,232,255</b>
Deferred Inflow of Resources	256,519	330,151	-	-	256,519	330,151
Net position:						
Net investment in capital assets	\$ 28,764,134	\$ 30,030,604	\$ 9,715,648	\$ 10,058,271	\$ 38,479,782	\$ 40,088,875
Restricted for Emergencies	173,000	170,000	-	-	173,000	170,000
Restricted for other purposes	454,268	400,476			454,268	400,476
Unrestricted	3,578,234	3,411,486	(943,504)	(1,157,617)	2,634,730	2,253,869
<b>Total net position</b>	<b>\$ 32,969,636</b>	<b>\$ 34,012,566</b>	<b>\$ 8,772,144</b>	<b>\$ 8,900,654</b>	<b>\$ 41,741,780</b>	<b>\$ 42,913,220</b>

The largest portion of the City's total net position is its investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 88.1% of total assets. While capital assets make up the most significant portion of the City's Net Position, it is the current assets comprised of cash, investments, and receivables with which the City operates. These remained fairly constant in the Governmental Activities from the end of 2015 to the end of 2016, increasing by \$4,807. Overall, the City's Total Net Position decreased by 2.8%, or \$1,171,440 because the \$2,709,550 depreciation of the City's assets exceeded its other operating gains.

In the Governmental Activities, current assets at December 31, 2016 exceeded total liabilities by \$2,472,359 (92.7%). In the Business-type Activities, current assets exceeded total liabilities by \$145,701 (517.4%).

Approximately 1.5% of the City's total net position is restricted for emergencies, historic preservation, and parks and open space. The remainder may be used to meet the City's obligations to residents and creditors. The City utilizes both capital assets and current assets to provide services to citizens and visitors and to fund daily City operations.

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**Management Discussion & Analysis**  
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The chart below displays the changes in net position experienced by the City over the last two years. An analysis of these changes follows for both its Governmental and Business-type Activities.

City of Central's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 210,436	\$ 174,481	\$ 586,061	\$ 671,997	\$ 796,497	\$ 846,478
Operating grants & contributions	518,080	524,343	-	-	518,080	524,343
Capital grants & contributions	376,740	421,877	10,705	30,000	387,445	451,877
General revenues:					-	
Property taxes	284,930	328,630	-	-	284,930	328,630
Sales & use taxes	759,378	679,167	-	-	759,378	679,167
Lodging Tax	64,252	52,912	-	-	64,252	52,912
State Gaming Tax	846,283	779,573	-	-	846,283	779,573
Gaming Licences & Device Fees	2,624,340	2,549,389	-	-	2,624,340	2,549,389
Investment Income	9,509	1,295	-	-	9,509	1,295
Other Revenue	101,179	122,672	-	-	101,179	122,672
Transfers In/(Out)	-	(25,000)	-	25,000	-	-
Total revenues	\$ 5,795,127	\$ 5,609,339	\$ 596,766	\$ 726,997	\$ 6,391,893	\$ 6,336,336
Program expenses:						
General Government	\$ 1,382,528	\$ 1,366,497	\$ -	\$ -	\$ 1,382,528	\$ 1,366,497
Public Safety	1,050,161	1,063,892	-	-	1,050,161	1,063,892
Public Works	3,654,926	3,811,171	-	-	3,654,926	3,811,171
Community Development	641,351	458,084	-	-	641,351	458,084
Historic Preservation	71,722	47,648	-	-	71,722	47,648
Interest on Long-Term Debt	37,369	-	-	-	37,369	-
Water	-	-	725,276	828,192	725,276	828,192
Total expenses	\$ 6,838,057	\$ 6,747,292	\$ 725,276	\$ 828,192	\$ 7,563,333	\$ 7,575,484
Increase/(decrease)in net assets	\$ (1,042,930)	\$ (1,137,953)	\$ (128,510)	\$ (101,195)	\$ (1,171,440)	\$ (1,239,148)
Net Position, Beginning	34,012,566	35,150,519	8,900,654	9,001,849	42,913,220	44,152,368
Net Position, Ending	\$32,969,636	\$34,012,566	\$8,772,144	\$8,900,654	\$41,741,780	\$42,913,220

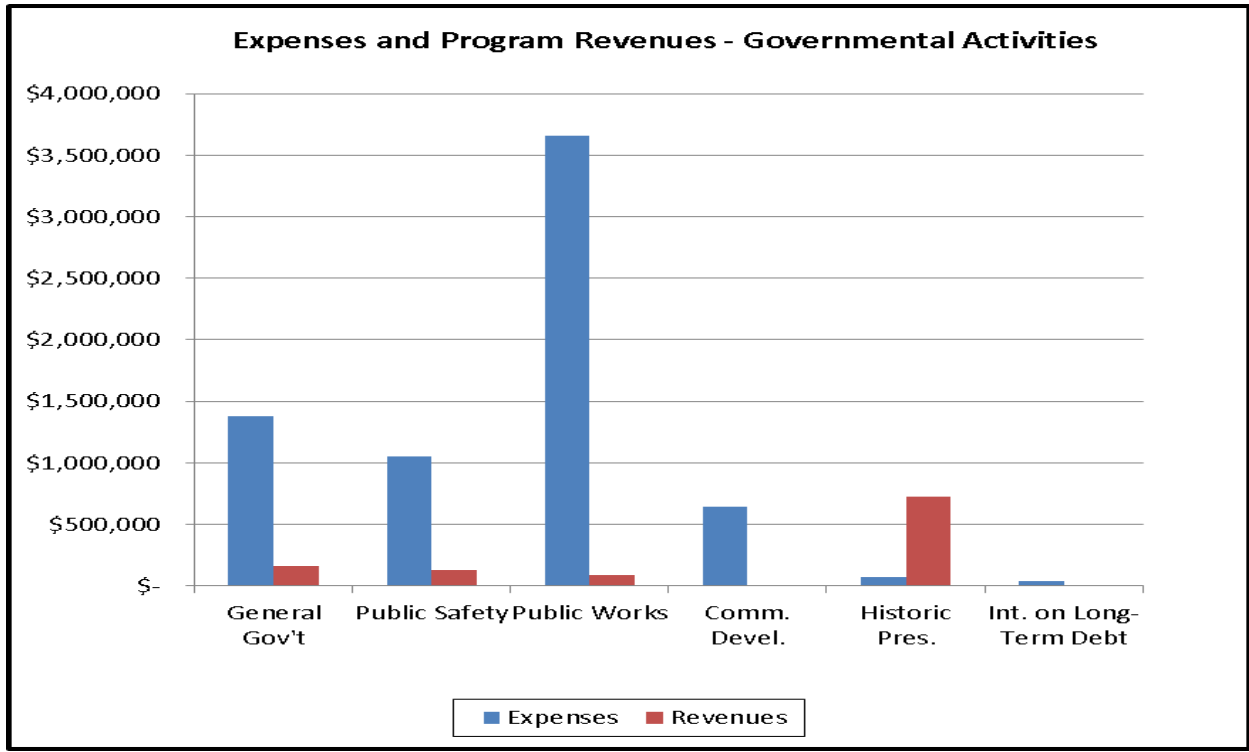
**Governmental Activities**

Governmental activities caused the City's net position to decrease by \$1,042,930 in 2016. Key elements of this decrease are as follows:

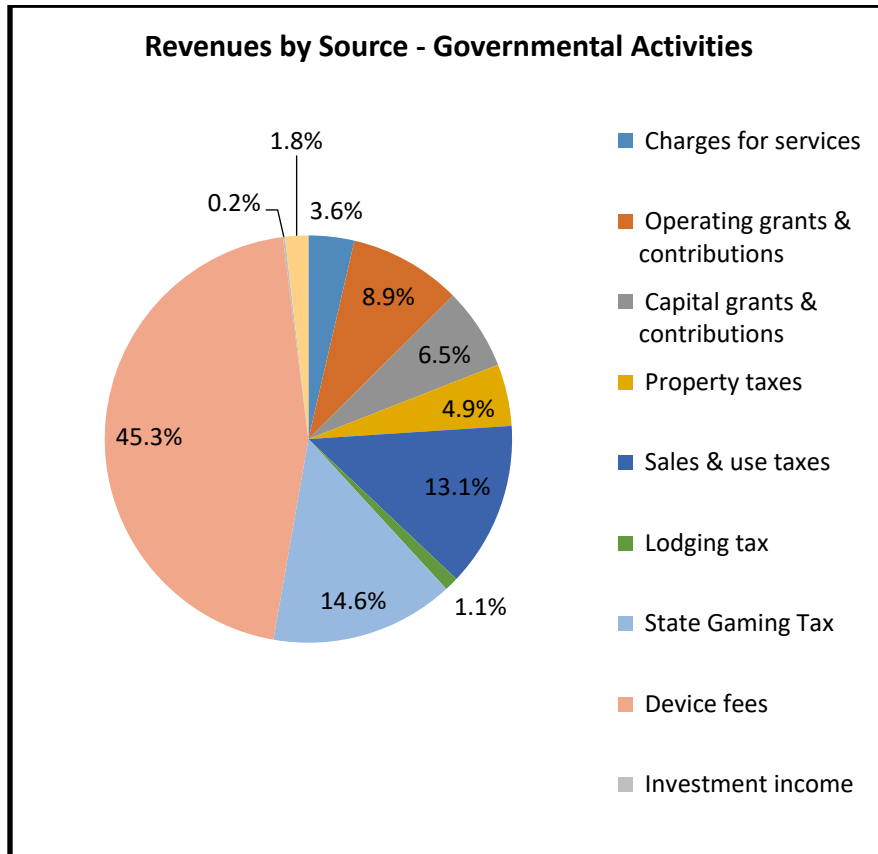
- Depreciation within the program expenses totaled \$2,366,927 in 2016 for Governmental Activities
- Sales and use taxes increased by \$80,211 (11.82%) during 2016.
- Gaming licenses and device fees increased by \$74,951 (2.9%) during 2016.

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The following two charts illustrate the 2016 expenses and related program revenues of the Governmental Activities.



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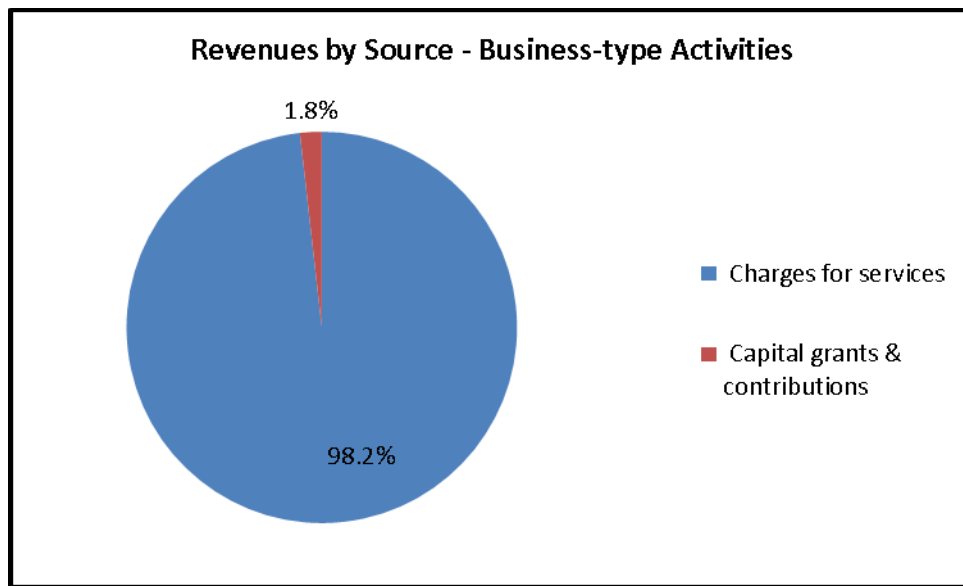
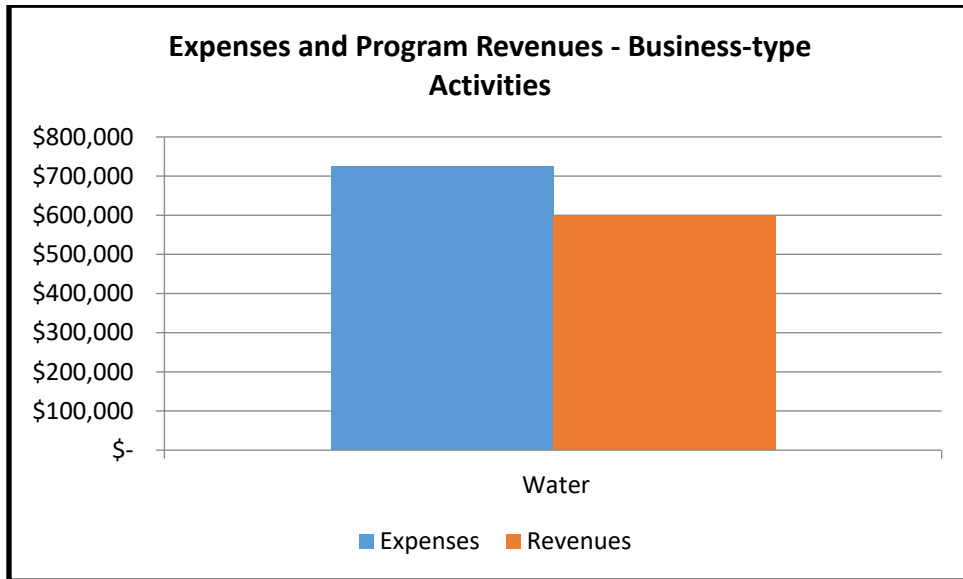
Device fees and state gaming taxes comprised approximately 60% of the revenues for Governmental Activities in the City of Central in 2016.

**Business-type Activities**

Business-type activities caused the City’s net position to decrease by \$128,510 in 2016. This was largely due to depreciation expenses of \$342,623. Charges for services decreased by \$85,936 (12.8%) due to a timing difference in revenue recognition which increased 2015’s charges for services by a similar amount. The net change over the two years was less than 1.0% of the 2015 amount. Charges for services exceeded operating expenses not including depreciation by \$203,408.

The following two charts illustrate the Business-type Activities total expenses including depreciation and related program revenues.

**City of Central, Colorado  
Management Discussion & Analysis  
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**Fund Financial Analysis**

As noted earlier, the City of Central uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (fund balances) in each fund are shown at year end. At the close of 2016, the City’s governmental funds reported combined ending fund balances of \$5,255,805. This was an increase of \$388,158 (8.0%) from the prior year’s ending fund balances. The majority of this increase is due to increases in gaming device fees (\$74,951) and shared state revenues from gaming taxes (\$66,710). In addition, the General Fund’s revenues exceeded expenditures and net transfers out by \$562,231 while the Capital Improvement Fund reduced its fund balance by \$235,076 by spending down amounts transferred from other funds in 2015.

**City of Central, Colorado**  
**Management Discussion & Analysis**  
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Below is a chart detailing the City's fund balances for the past eight (8) years:

**City of Central Ending Governmental Fund Balances**

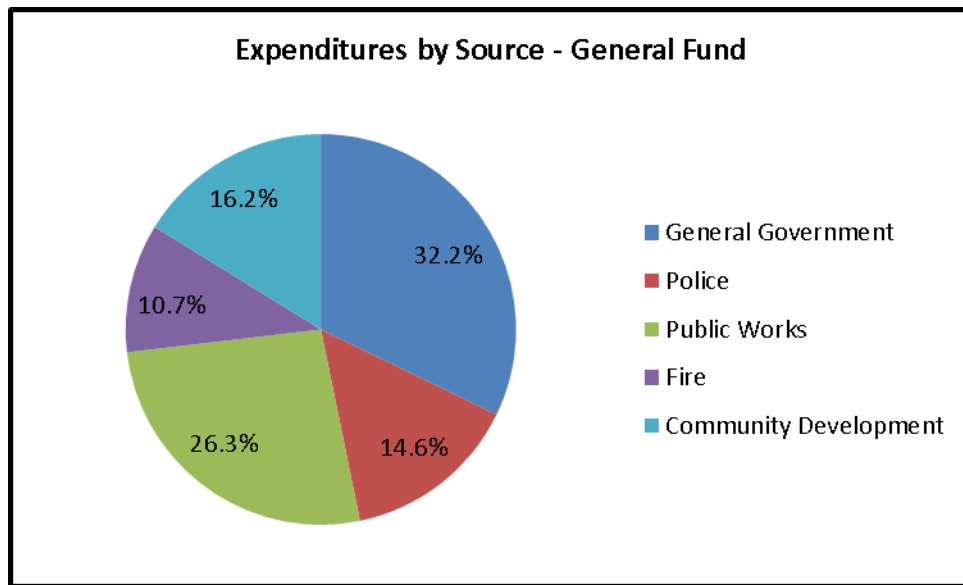
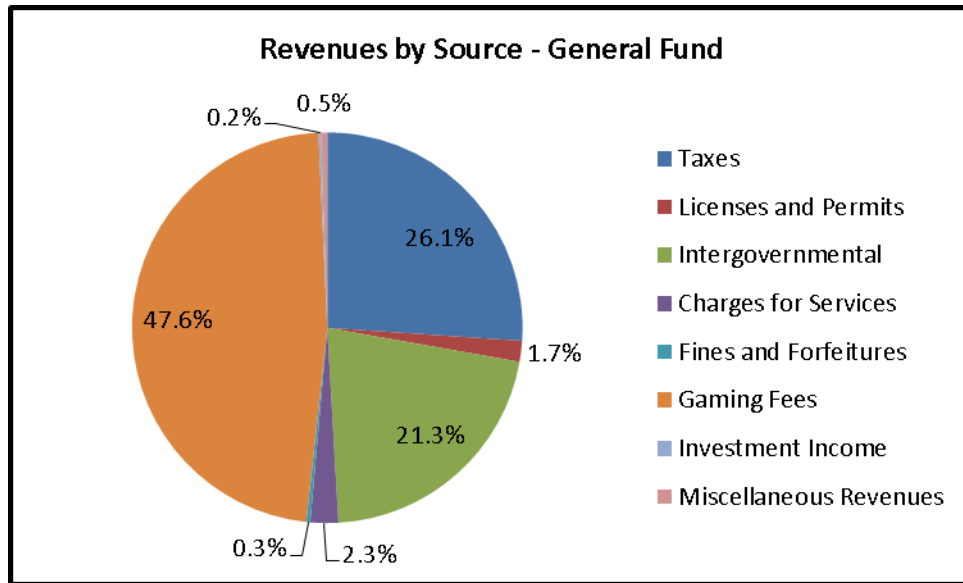
Fund	2008	2009	2010	2011	2012	2013	2014	2015	2016
General	\$ 1,042,854	\$ 1,083,488	\$ 204,049	\$ 1,153,136	\$ 1,594,416	\$ 1,585,809	\$ 2,263,848	\$ 2,632,780	\$ 3,195,011
Transportation	-	-	-	-	-	-	-	1,036,963	903,560
Capital Improvement	-	-	-	-	-	-	-	938,042	702,966
Historic Preservation	451,949	580,053	399,885	999,475	467,139	239,395	218,420	341,390	386,807
TABOR <sup>1</sup>	203,856	204,054	204,130	204,248	204,726	204,932	205,021	-	-
Conservation Trust	28,455	25,063	33,005	38,811	38,688	45,937	52,479	59,086	67,461
Capital Projects	66,592	66,657	66,682	-	-	-	-	-	-
Debt Service	(1,229,713)	(1,229,715)	-	29,135	21,979	-	-	-	-
Highway Lighting	3,342	-	-	-	-	-	-	-	-
Public Property Trust	201,317	201,512	925,191	225,928	226,559	227,075	(11,754)	(11,029)	-
Impact Fees Fund	(165,474)	(156,776)	(156,745)	(144,081)	(144,081)	(129,585)	(129,585)	(129,585)	-
<b>Total</b>	<b>\$ 603,178</b>	<b>\$ 774,336</b>	<b>\$ 1,676,197</b>	<b>\$ 2,506,652</b>	<b>\$ 2,409,426</b>	<b>\$ 2,173,563</b>	<b>\$ 2,598,429</b>	<b>\$ 4,867,647</b>	<b>\$ 5,255,805</b>

<sup>1</sup> TABOR Fund is combined with General Fund beginning in 2015.

**General Fund:** The General Fund is the chief operating fund of the City of Central. It accounts for all of the general services provided by the City. The General Fund Balance in 2016 increased \$562,231 (21.4%) over 2015. As described above, part of this increase was due to increased revenues related to gaming. In addition, reduced expenses for police services (-\$46,551), general government (-\$50,718), and reduced net transfers out to other funds (-\$241,503) also contributed to the change in fund balance.

The following two tables illustrate General Fund revenues and expenditures during 2016.

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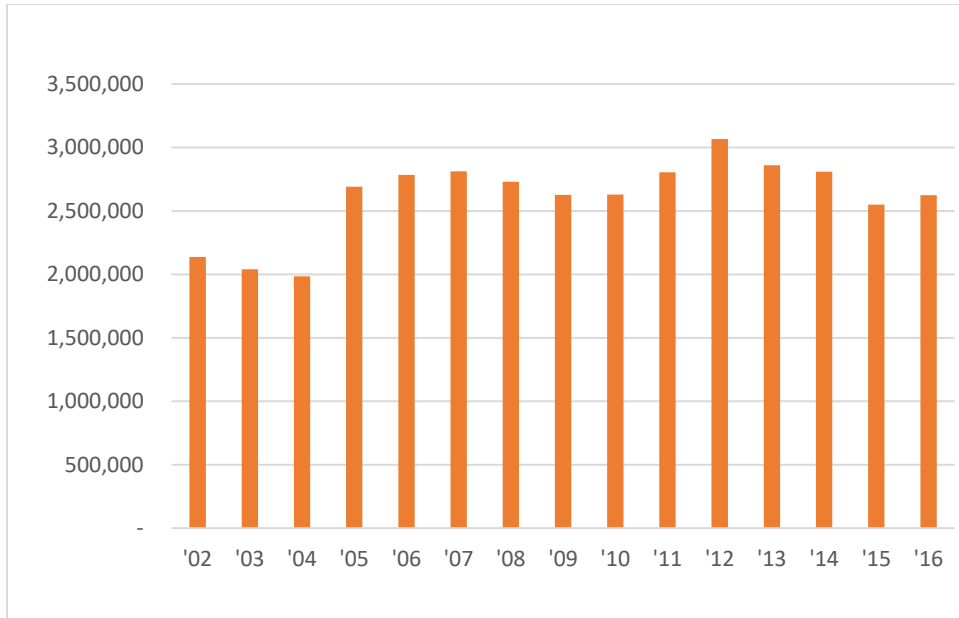


At the close of 2016, the City had received \$4,469,442 in General Fund revenues. This was an increase of \$214,233 (5.0%) over 2015. This was largely comprised of increases of \$47,275 in taxes, \$76,152 in gaming fees, \$89,482 in intergovernmental revenues, \$47,938 in licenses and permits, and a reduction of -\$37,991 in miscellaneous revenues.

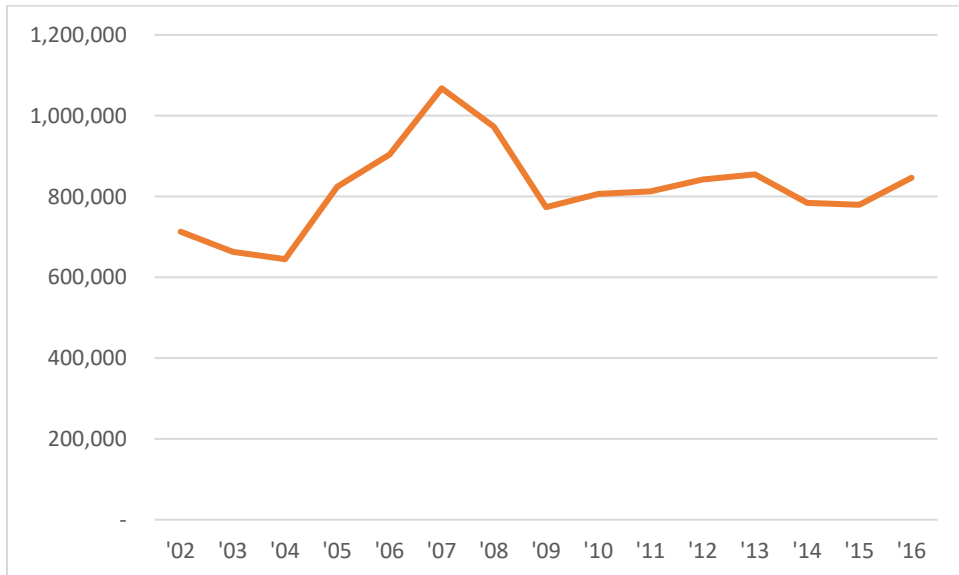
As shown above, gaming device fees comprised over 47% of all General Fund revenues in 2016.

*Device Fees and Licenses:* Device fees are the City’s most significant source of revenue. During 2016, device fees and licenses collected within the General Fund totaled \$2,124,780 and accounted for over 47% of General Fund revenues. The graph below illustrates the total amount of device revenue collected for all governmental funds over the last fifteen years.

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*Gaming Taxes:* The City’s second most important revenue source is state gaming taxes. The amount of state gaming tax received annually is based on a calculation involving each Colorado gambling City’s proportion of gaming taxes paid to the state. Central City received \$846,283 in 2016 compared to \$779,573 in 2015, which was an increase of 8.6%. Below is a graph illustrating state gaming tax revenue for the past fifteen years.



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*General Fund Expenditures:* Expenditures for all departments within the General Fund totaled \$3,904,529 in 2016, which represents an increase of \$262,437 (7.2%) compared to 2015. This increase was largely due to public works increased expenditures of \$189,367 (for repairs, maintenance, and holiday decorations), community development increased expenditures of \$173,913 (for community development services and Comprehensive Plan development), general government reduced expenditures of -\$50,718 (for professional services), and public safety reduced expenditures of -\$46,551 (for police). During the latter part of 2016, the City entered into an intergovernmental agreement for police services to be provided by the Gilpin County Sheriff's Department.

*Transportation Fund:* The Transportation Fund received \$499,560 in gaming device fees during 2016, which was virtually the same as 2015 (\$500,761). During 2016 the Transportation Fund balance decreased by -\$133,403 (-12.9%) as it expended prior year loan proceeds to fund road improvements and the Central City Parkway Access Project. The fund also made loan repayments totaling \$173,867 to the Colorado Department of Transportation's State Infrastructure Bank as required.

*Capital Improvement Fund:* During 2016, the Capital Improvement Fund balance decreased by -\$235,076 (-25.1%) as it performed projects such as the Central City Parkway Access Project and the Big T-Lot Acquisition & Improvement Project. The fund also made loan repayments totaling \$71,803 on its capital equipment leases, and purchased vehicles totaling \$48,196.

*Historical Preservation Fund:* The Historical Preservation Fund's most significant source of revenue, historical preservation funding from the state, is also derived from gaming. Like the state gaming tax, historical preservation monies are allocated based on a calculation involving each City's proportionate share of gaming taxes paid to the state. The funds are to be used for the preservation and protection of historical buildings and properties within the City. In 2016, the City received \$431,725 in state grant revenue, which was 1.6% more than in 2015. Other revenues include sales from the Visitors Center.

*Water Fund:* At December 31, 2016 the Net Position of the Water Fund was \$8,772,144. It had incurred \$725,276 in operating expenses, which was a decrease of -\$102,916 (-12.4%) compared to 2015. Most of the decrease was the result of reduced repair and maintenance costs (-\$101,640).

The Water Fund cut its deficit operations from \$-156,195 in 2015 to \$-139,215 in 2016. Charges for services covered 80.8% of operating expenses in 2016 compared to 81.1% of operating expenses in 2015 (and 68.4% and 52.9% of operating expenses in 2014 and 2013 respectively). As in most years, a significant portion of the 2016 operating loss for the Water Fund was related to depreciation in the amount of \$342,623.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets.* At December 31, 2016 the City had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, utility lines, and streets. Note 4 of the financial statements provides a summary of these assets.

**City of Central, Colorado**  
**Management Discussion & Analysis**  
**December 31, 2016**

City capital acquisitions and expenses during 2016 included:

Infrastructure	\$ 112,700
Equipment and Vehicles	146,026
Land	263,040
Construction in Progress	328,781

*Debt Administration.* Note 5 of the financial statements provides a summary of the City's long-term debt. At December 31, 2016 the City owed \$1,385,869 on the loan from the Colorado Department of Transportation's State Infrastructure Bank. The City also had capital leases payable totaling \$349,642. The loan and leases are payable from the general revenues of the governmental funds. In addition, the City had contractual obligations for compensated absences and accrued longevity pay totaling \$134,476 in the General Fund and \$5,786 in the Water Fund. These debts are to be repaid from revenues of the respective funds as they come due.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's economic climate is expected to be similar in 2017 to 2016. The 2017 Budget estimated similar revenues from gaming from the City's six casinos, and fees, licenses, permits, and other general revenues are projected without significant changes over 2016. Changes from in-house to contractual provision of public safety services enabled management to reduce the 2017 public safety budget by \$32,882 from 2016 actual amounts (when the intergovernmental agreement with the County existed for the latter part of the year) and \$79,433 from 2015 actual amounts..

**REQUESTS FOR INFORMATION**

This financial report is designed to provide the City of Central's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Central, Finance Department, PO Box 249, Central City, Colorado 80427-0249.

## **BASIC FINANCIAL STATEMENTS**

CITY OF CENTRAL, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	BUSINESS
	ACTIVITIES	ACTIVITIES		IMPROVEMENT
				DISTRICT
<b>ASSETS</b>				
Cash and Investments	\$ 3,760,916	\$ 107,329	\$ 3,868,245	\$ 171,168
Restricted Cash and Investments	835,054	-	835,054	33
Accounts Receivable	242,482	66,534	309,016	7,349
Taxes Receivable	300,112	-	300,112	1,606,976
Prepaid Expenses	-	-	-	4,298
Internal Balances	1,089,205	(1,089,205)	-	-
Capital Assets, Not Being Depreciated	6,175,444	1,884,261	8,059,705	-
Capital Assets, Net of Accumulated Depreciation	23,489,147	7,831,387	31,320,534	-
<b>TOTAL ASSETS</b>	<b>35,892,360</b>	<b>8,800,306</b>	<b>44,692,666</b>	<b>1,789,824</b>
<b>LIABILITIES</b>				
Accounts Payable	155,804	22,376	178,180	110
Accrued Liabilities	40,704	-	40,704	357,717
Unearned Revenues	518,937	-	518,937	-
Accrued Interest Payable	18,944	-	18,944	-
Noncurrent Liabilities				
Due Within One Year	242,649	579	243,228	20,335,000
Due in More Than One Year	1,627,338	5,207	1,632,545	65,876,551
Net Pension Liability	61,829	-	61,829	-
<b>TOTAL LIABILITIES</b>	<b>2,666,205</b>	<b>28,162</b>	<b>2,694,367</b>	<b>86,569,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	256,519	-	256,519	1,606,976
<b>NET POSITION</b>				
Net Investment in Capital Assets	28,764,134	9,715,648	38,479,782	-
Restricted for Emergencies	173,000	-	173,000	13,000
Restricted for Historic Preservation	386,807	-	386,807	-
Restricted for Parks and Open Space	67,461	-	67,461	-
Restricted for Debt Service	-	-	-	8,200
Unrestricted	3,578,234	(943,504)	2,634,730	(86,407,730)
<b>TOTAL NET POSITION</b>	<b>\$ 32,969,636</b>	<b>\$ 8,772,144</b>	<b>\$ 41,741,780</b>	<b>\$ (86,386,530)</b>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,382,528	\$ 141,834	\$ 22,737	\$ -
Public Safety	529,419	31,857	-	-
Public Works	3,654,926	21,745	61,872	-
Community Development	641,351	-	-	-
Fire	520,742	-	-	96,500
Historic Preservation	71,722	15,000	433,471	280,240
Interest on Long-Term Debt	37,369	-	-	-
Total Governmental Activities	<u>6,838,057</u>	<u>210,436</u>	<u>518,080</u>	<u>376,740</u>
<b>Business-Type Activities</b>				
Water Utility	<u>725,276</u>	<u>586,061</u>	<u>-</u>	<u>10,705</u>
Total Business-Type Activities	<u>725,276</u>	<u>586,061</u>	<u>-</u>	<u>10,705</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 7,563,333</u>	<u>\$ 796,497</u>	<u>\$ 518,080</u>	<u>\$ 387,445</u>
<b>COMPONENT UNIT</b>				
Business Improvement District	<u>\$ 2,387,029</u>	<u>\$ 192,181</u>	<u>\$ -</u>	<u>\$ -</u>
<b>GENERAL REVENUES</b>				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Lodging Taxes				
Franchise Taxes				
State Gaming Revenues				
Gaming License Fees				
Gaming Device Fees				
Grants and Contributions not Restricted to Specific Programs				
Investment Income				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT
GOVERNMENTAL	BUSINESS-TYPE	TOTALS	UNIT
ACTIVITIES	ACTIVITIES		BUSINESS
			IMPROVEMENT
			DISTRICT
\$ (1,217,957)	\$ -	\$ (1,217,957)	\$ -
(497,562)	-	(497,562)	-
(3,571,309)	-	(3,571,309)	-
(641,351)	-	(641,351)	-
(424,242)	-	(424,242)	-
656,989	-	656,989	-
(37,369)	-	(37,369)	-
<u>(5,732,801)</u>	<u>-</u>	<u>(5,732,801)</u>	<u>-</u>
<u>-</u>	<u>(128,510)</u>	<u>(128,510)</u>	<u>-</u>
<u>-</u>	<u>(128,510)</u>	<u>(128,510)</u>	<u>-</u>
<u>(5,732,801)</u>	<u>(128,510)</u>	<u>(5,861,311)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,194,848)</u>
266,945	-	266,945	1,681,751
17,985	-	17,985	114,085
759,378	-	759,378	-
64,252	-	64,252	-
58,892	-	58,892	-
846,283	-	846,283	-
1,966,404	-	1,966,404	-
657,936	-	657,936	-
6,566	-	6,566	-
9,509	-	9,509	16,869
35,721	-	35,721	-
<u>4,689,871</u>	<u>-</u>	<u>4,689,871</u>	<u>1,812,705</u>
(1,042,930)	(128,510)	(1,171,440)	(382,143)
<u>34,012,566</u>	<u>8,900,654</u>	<u>42,913,220</u>	<u>(86,004,387)</u>
<u>\$ 32,969,636</u>	<u>\$ 8,772,144</u>	<u>\$ 41,741,780</u>	<u>\$ (86,386,530)</u>

CITY OF CENTRAL, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016

	<u>GENERAL</u>	<u>TRANSPORTATION</u>	<u>CAPITAL IMPROVEMENT</u>
<b>ASSETS</b>			
Cash and Investments	\$ 2,547,308	\$ 49,234	\$ 708,155
Restricted Cash and Investments	-	835,054	-
Accounts Receivable	200,994	41,488	-
Taxes Receivable	300,112	-	-
Interfund Receivables	<u>1,089,205</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,137,619</u>	<u>\$ 925,776</u>	<u>\$ 708,155</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 126,448	\$ 22,216	\$ 5,189
Accrued Liabilities	40,704	-	-
Unearned Revenues	<u>518,937</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>686,089</u>	<u>22,216</u>	<u>5,189</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>256,519</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>256,519</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for Emergencies	173,000	-	-
Restricted for Capital Projects	-	835,054	-
Restricted for Historic Preservation	-	-	-
Restricted for Parks and Open Space	-	-	-
Committed to Transportation	-	68,506	-
Assigned to Capital Projects	-	-	702,966
Unrestricted, Unassigned	<u>3,022,011</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>3,195,011</u>	<u>903,560</u>	<u>702,966</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 4,137,619</u>	<u>\$ 925,776</u>	<u>\$ 708,155</u>

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

NONMAJOR GOVERNMENTAL		
<u>FUNDS</u>		<u>TOTALS</u>
\$ 456,219	\$	3,760,916
-		835,054
-		242,482
-		300,112
<u>-</u>		<u>1,089,205</u>
<u>\$ 456,219</u>	<u>\$</u>	<u>6,227,769</u>
\$ 1,951	\$	155,804
-		40,704
<u>-</u>		<u>518,937</u>
<u>1,951</u>		<u>715,445</u>
<u>-</u>		<u>256,519</u>
<u>-</u>		<u>256,519</u>
-		173,000
-		835,054
386,807		386,807
67,461		67,461
-		68,506
-		702,966
<u>-</u>		<u>3,022,011</u>
<u>454,268</u>		<u>5,255,805</u>
<u>\$ 456,219</u>	<u>\$</u>	<u>6,227,769</u>

CITY OF CENTRAL, COLORADO

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 5,255,805
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	29,664,591
Long-term liabilities and related items, including loan payable (\$1,385,869), capital leases (\$349,642), accrued compensated absences (\$65,967), accrued longevity pay (\$68,509), net pension liability (\$61,829) and accrued interest payable (\$18,944), are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(1,950,760)</u>
Total Net Position of Governmental Activities	\$ <u>32,969,636</u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 Year Ended December 31, 2016

	<u>GENERAL</u>	<u>TRANSPORTATION</u>	<u>CAPITAL IMPROVEMENT</u>
REVENUES			
Taxes	\$ 1,167,452	\$ -	\$ -
Gaming Fees	2,124,780	499,560	-
Licenses and Permits	77,245	-	-
Charges for Services	103,299	-	-
Fines and Forfeitures	14,892	-	-
Intergovernmental	949,269	-	210,727
Contributions and Donations	-	-	-
Investment Income	9,184	-	-
Miscellaneous	23,321	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	4,469,442	499,560	210,727
EXPENDITURES			
Current			
General Government	1,259,305	-	57,702
Public Safety	569,632	-	-
Public Works	1,027,497	274,096	664,903
Community Development	631,997	-	9,354
Fire	416,098	-	104,644
Historic Preservation	-	-	24,135
Debt Service			
Principal	-	135,824	-
Interest	-	38,043	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,904,529	447,963	860,738
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>
	564,913	51,597	(650,011)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	-	12,400
Transfers In	137,932	-	402,535
Transfers Out	(140,614)	(185,000)	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(2,682)	(185,000)	414,935
NET CHANGE IN FUND BALANCES	562,231	(133,403)	(235,076)
FUND BALANCES, Beginning	<hr/>	<hr/>	<hr/>
	2,632,780	1,036,963	938,042
FUND BALANCES, Ending	<hr/>	<hr/>	<hr/>
	\$ 3,195,011	\$ 903,560	\$ 702,966

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

NONMAJOR GOVERNMENTAL		
FUNDS	TOTALS	
\$ -	\$ 1,167,452	
-	2,624,340	
-	77,245	
15,000	118,299	
-	14,892	
439,775	1,599,771	
1,746	1,746	
325	9,509	
-	23,321	
<u>456,846</u>	<u>5,636,575</u>	
-	1,317,007	
-	569,632	
-	1,966,496	
-	641,351	
-	520,742	
47,587	71,722	
-	135,824	
-	38,043	
<u>47,587</u>	<u>5,260,817</u>	
<u>409,259</u>	<u>375,758</u>	
-	12,400	
140,614	681,081	
<u>(355,467)</u>	<u>(681,081)</u>	
<u>(214,853)</u>	<u>12,400</u>	
194,406	388,158	
<u>259,862</u>	<u>4,867,647</u>	
<u>\$ 454,268</u>	<u>\$ 5,255,805</u>	

CITY OF CENTRAL, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$	388,158
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$2,366,927) and disposals (\$1,374) exceeded capital outlay \$570,307 and donated assets \$280,240 in the current year.		(1,517,754)
Repayments of long-term obligations are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents loan and capital lease payments.		251,284
Current year revenues in the governmental funds that did not represent current financial resources in the prior year were reported as revenues in the statement of activities in the prior year.		(134,088)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in net pension liability \$35,714, accrued compensated absences (\$198), accrued longevity pay (\$4,312) and accrued interest payable (\$674).		<u>(30,530)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(1,042,930)</u></u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
 December 31, 2016

	<u>WATER</u>
ASSETS	
CURRENT ASSETS	
Cash and Investments	\$ 107,329
Accounts Receivable	<u>66,534</u>
TOTAL CURRENT ASSETS	<u>173,863</u>
NONCURRENT ASSETS	
Capital Assets, Not Being Depreciated	1,884,261
Capital Assets, Net of Accumulated Depreciation	<u>7,831,387</u>
TOTAL NONCURRENT ASSETS	<u>9,715,648</u>
TOTAL ASSETS	<u>9,889,511</u>
CURRENT LIABILITIES	
Accounts Payable	22,376
Interfund Payables	1,089,205
Compensated Absences Payable, Current Portion	<u>579</u>
TOTAL CURRENT LIABILITIES	1,112,160
NONCURRENT LIABILITIES	
Compensated Absences Payable	<u>5,207</u>
TOTAL LIABILITIES	<u>1,117,367</u>
NET POSITION	
Net Investment in Capital Assets	9,715,648
Unrestricted	<u>(943,504)</u>
TOTAL NET POSITION	<u>\$ 8,772,144</u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
 Year Ended December 31, 2016

	<u>WATER</u>
OPERATING REVENUES	
Charges for Services	\$ <u>586,061</u>
 TOTAL OPERATING REVENUES	 <u>586,061</u>
OPERATING EXPENSES	
Personnel Services	164,337
Professional Services	114,822
Operating	97,776
Repairs and Maintenance	5,718
Depreciation	<u>342,623</u>
 TOTAL OPERATING EXPENSES	 <u>725,276</u>
 NET OPERATING INCOME (LOSS)	 (139,215)
CAPITAL CONTRIBUTIONS	
Tap Fees	<u>10,705</u>
 CHANGE IN NET POSITION	 (128,510)
NET POSITION, Beginning	<u>8,900,654</u>
NET POSITION, Ending	\$ <u><u>8,772,144</u></u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
 Increase (Decrease) in Cash and Cash Equivalents  
 Year Ended December 31, 2016

	WATER
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 620,780
Cash Payments to Employees	(159,218)
Cash Payments to Vendors and Suppliers	(248,450)
Net Cash Provided (Used) by Operating Activities	213,112
Cash Flows From Noncapital Financing Activities	
Cash Payments to Other Funds	(116,488)
Cash Flows From Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	10,705
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>107,329</b>
CASH AND CASH EQUIVALENTS, Beginning	-
CASH AND CASH EQUIVALENTS, Ending	\$ 107,329
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	\$ (139,215)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	342,623
Changes in Assets and Liabilities	
Accounts Receivable	34,719
Accounts Payable	(30,134)
Compensated Absences Payable	5,119
Net Cash Provided (Used) by Operating Activities	\$ 213,112

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Central, Colorado (the “City”) was incorporated in 1886 and became a home rule city in 1991. The City is governed by an elected Mayor and City Council.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

**Reporting Entity**

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the City includes the City of Central Business Improvement District (the “District”) in its reporting entity. The District is a separate legal entity organized pursuant the provisions of the Colorado Business Improvement District Act for the purpose of providing various public services and improvements within the commercial area of the City, primarily to facilitate the financing, completion, and operations of the Central City Parkway, which opened in November, 2004. The District has a separate governing board with members appointed by the City Council. The District is discretely presented in the financial statements. Separate financial statements for the District may be obtained at 9155 East Nichols Avenue, Suite 330, Centennial, Colorado 80112.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The *primary government* is reported separately from the legally separate *component unit* for which the City is financially accountable.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

When both restricted and unrestricted resources are available for a specific use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the City reports the following major governmental funds:

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

The *Transportation Fund* was established to account for a portion of the gaming device fees committed by City Council ordinance for transportation services and improvements, and the related expenditures.

The *Capital Improvement Fund* accounts for infrastructure and other capital improvements financed primarily with grants from other governments and transfers from other funds.

Additionally, the City reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water to citizens and businesses in the City limits.

**Assets, Liabilities and Net Position/Fund Balances**

*Cash and Investments* - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less. The City considers all pooled cash and investments to be cash equivalents.

*Receivables* - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Interfund Receivables and Payables* - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

*Capital Assets* - Capital assets, which include land, buildings, equipment, and infrastructure acquired after January 1, 2002, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position/Fund Balances (Continued)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	30 years
Infrastructure	10 - 30 years
Water Plant and Lines	50 years
Equipment and Vehicles	5 - 10 years

*Compensated Absences* - Employees of the City are allowed to accumulate unused vacation time to a maximum of 312 hours, depending on length of employment. Upon termination of employment from the City, an employee will be paid for any unused vacation time at their current rate of pay. These compensated absences are expensed when earned in the proprietary fund and when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.

*Volunteer Firefighter Length of Service Award Plan* - The City has established the Volunteer Firefighter Length of Service Award Plan. Every volunteer firefighter is eligible to participate in the plan and shall become a participant in the plan on the date they first perform service as a volunteer firefighter. Service awards in any plan year may be awarded at the sole and exclusive discretion of the City, and in an amount determined at the sole and exclusive discretion of the City. In order to be eligible to receive a service award, a participant must complete 36 training hours and respond to at least 15% of the calls during the year. The annual award amounts are allocated to all eligible participants based on years of service, ranging from \$600 to \$3,000. Plan participants are fully vested in the awarded amounts at all times. Participants will be paid all accrued award amounts and any interest earnings in a lump-sum distribution within fifteen days upon separation from service to the City. If separation is the result of death, the distribution will be paid to their beneficiary.

These benefits are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued benefits when earned.

*Unearned Revenues* - Unearned revenues include gaming license fees collected in advance.

*Long-Term Debt* - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities and Net Position/Fund Balances** (Continued)

*Pensions* - The City maintains the Volunteer Fire Department Pension Plan, an agent multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the plan's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Deferred Inflows of Resources* - Deferred inflows of resources include property taxes earned but levied for a subsequent year. In addition, revenues not available as current financial resources are deferred in the governmental fund financial statements.

*Net Position/Fund Balances* - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The City Council establishes a fund balance commitment through passage of an ordinance, and is authorized to informally assign amounts to a specific purpose.

The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted amounts first, followed by committed, assigned and unassigned amounts.

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2016, follows:

Cash Deposits	\$ 2,632,769
Cash Held in Escrow	835,054
Investments	<u>1,235,476</u>
Total	<u><u>\$ 4,703,299</u></u>

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 3,868,245
Restricted Cash and Investments	<u>835,054</u>
Total	<u><b>\$ 4,703,299</b></u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the City had bank deposits of \$2,454,990 collateralized with securities held by the financial institutions' agents but not in the City's name.

**Investments**

The City is required to comply with State statutes and the City's investment policy which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the City may invest, which include the following. Custodial risk is not addressed by State statutes or by policy.

- Obligations of the United States and certain U.S. 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 (GICs)

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the City may invest in one issuer, except for corporate securities.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

*Fair Value Measurements* - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2016, the City's investment in Colotrust was reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

*Local Government Investment Pool* - At December 31, 2016, the City had \$1,235,476 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Restricted Cash and Investments**

At December 31, 2016, the City held loan proceeds of \$835,054 restricted for public transportation projects in a separate bank account as required by the loan agreement (See Note 5).

**NOTE 3: INTERFUND BALANCES AND TRANSACTIONS**

Interfund balances at December 31, 2016, were as follows:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Amount</u>
General Fund	Water Fund	<b><u>\$ 1,089,205</u></b>

The General Fund subsidized water operations for multiple years. During the year ended December 31, 2016, the Water Fund made payments on the loan of \$116,488. The loan is expected to be repaid with future revenues of the Water Fund.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 3: INTERFUND BALANCES AND TRANSACTIONS (Continued)**

Interfund transfers for the year ended December 31, 2016, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Historic Preservation Fund	\$ 137,932
Capital Improvement Fund	Transportation Fund	185,000
Capital Improvement Fund	Historic Preservation Fund	217,535
Impact Fees Fund	General Fund	129,585
Public Property Trust Fund	General Fund	<u>11,029</u>
Total		<b><u>\$ 681,081</u></b>

During the year ended December 31, 2016, the Historic Preservation Fund reimbursed the General Fund for marketing, advertising, and non-profit support related to historic tourism, and also provided funding to the Capital Improvement Fund for improvements to the Belvidere Theater. The Transportation Fund allocated resources to the Capital Improvement Fund for stormwater improvements. The Impact Fees and Public Property Trust Funds were closed with transfers from the General Fund.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, is summarized below.

	<u>Balances</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/16</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 5,523,996	\$ 263,040	\$ -	\$ 5,787,036
Construction in Progress	<u>59,627</u>	<u>328,781</u>	<u>-</u>	<u>388,408</u>
Total Capital Assets, Not Being Depreciated	<u>5,583,623</u>	<u>591,821</u>	<u>-</u>	<u>6,175,444</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	2,643,218	-	-	2,643,218
Infrastructure	46,695,103	112,700	-	46,807,803
Equipment and Vehicles	<u>2,786,543</u>	<u>146,026</u>	<u>110,823</u>	<u>2,821,746</u>
Total Capital Assets, Being Depreciated	<u>52,124,864</u>	<u>258,726</u>	<u>110,823</u>	<u>52,272,767</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,402,553)	(39,824)	-	(1,442,377)
Infrastructure	(23,102,562)	(2,148,350)	-	(25,250,912)
Equipment and Vehicles	<u>(2,021,027)</u>	<u>(178,753)</u>	<u>(109,449)</u>	<u>(2,090,331)</u>
Total Accumulated Depreciation	<u>(26,526,142)</u>	<u>(2,366,927)</u>	<u>(109,449)</u>	<u>(28,783,620)</u>
Total Capital Assets, Being Depreciated, Net	<u>25,598,722</u>	<u>(2,108,201)</u>	<u>1,374</u>	<u>23,489,147</u>
Governmental Activities Capital Assets, Net	<b><u>\$ 31,182,345</u></b>	<b><u>\$ (1,516,380)</u></b>	<b><u>\$ 1,374</u></b>	<b><u>\$ 29,664,591</u></b>

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 4: CAPITAL ASSETS (Continued)**

	<u>Balances</u> 12/31/15	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/16
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 630,898	\$ -	\$ -	\$ 630,898
Water Rights	<u>1,253,363</u>	<u>-</u>	<u>-</u>	<u>1,253,363</u>
Total Capital Assets, Not Being Depreciated	<u>1,884,261</u>	<u>-</u>	<u>-</u>	<u>1,884,261</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	1,027,242	-	-	1,027,242
Water Plant and Lines	13,606,943	-	-	13,606,943
Equipment	<u>456,628</u>	<u>-</u>	<u>-</u>	<u>456,628</u>
Total Capital Assets, Being Depreciated	<u>15,090,813</u>	<u>-</u>	<u>-</u>	<u>15,090,813</u>
Less Accumulated Depreciation				
Buildings and Improvements	(873,232)	(34,242)	-	(907,474)
Water Plant and Lines	(5,686,604)	(273,024)	-	(5,959,628)
Equipment	<u>(356,967)</u>	<u>(35,357)</u>	<u>-</u>	<u>(392,324)</u>
Total Accumulated Depreciation	<u>(6,916,803)</u>	<u>(342,623)</u>	<u>-</u>	<u>(7,259,426)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,174,010</u>	<u>(342,623)</u>	<u>-</u>	<u>7,831,387</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,058,271</u>	<u>\$ (342,623)</u>	<u>\$ -</u>	<u>\$ 9,715,648</u>

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 32,943
Public Safety	57,617
Public Works	<u>2,276,367</u>
 Total	 <u>\$ 2,366,927</u>

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 5: LONG-TERM DEBT**

Following is a summary of the long-term debt transactions for the year ended December 31, 2016:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Loan Payable	\$ 1,521,693	\$ -	\$ 135,824	\$ 1,385,869	\$ 139,220
Capital Leases	465,102	-	115,460	349,642	96,832
Compensated Absences	66,165	54,996	55,194	65,967	6,597
Accrued Longevity Pay	72,821	10,858	15,170	68,509	-
Total	<u>\$ 2,125,781</u>	<u>\$ 65,854</u>	<u>\$ 321,648</u>	<u>\$ 1,869,987</u>	<u>\$ 242,649</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 667</u>	<u>\$ 6,112</u>	<u>\$ 993</u>	<u>\$ 5,786</u>	<u>\$ 579</u>

**Loan Payable**

In July, 2015, the City obtained a loan for \$1,521,693 from the Colorado Department of Transportation's State Infrastructure Bank. Loan proceeds will be used for public transportation projects, specifically a stormwater drainage master plan, Central City Parkway repairs, Nevada Street retaining wall repairs, and Central City Parkway rock fall mitigation. Principal and interest payments of \$173,867 are due annually on July 17, from 2016 through 2025. Interest accrues at the rate of 2.5% per annum. This loan is payable solely from the gaming device fees committed for transportation services and improvements together with any other revenues of the Transportation Fund. For the year ended December 31, 2016, revenues of \$499,560 were available to pay annual debt service of \$173,867. Debt service requirements to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 139,220	\$ 34,647	\$ 173,867
2018	142,701	31,166	173,867
2019	146,268	27,599	173,867
2020	149,925	23,942	173,867
2021	153,673	20,194	173,867
2022 - 2025	<u>654,082</u>	<u>41,385</u>	<u>695,467</u>
Total	<u>\$ 1,385,869</u>	<u>\$ 178,933</u>	<u>\$ 1,564,802</u>

**Capital Leases**

During 2011, the City entered into a lease agreement for \$489,773 to finance the installation and upgrade of HVAC and lighting systems in several City facilities. Quarterly payments of \$14,426 are due through December, 2021. Interest accrues on the outstanding balance at 3.3% per annum. Capital assets of \$458,750 less accumulated depreciation of \$104,635 are reported under this lease. The outstanding balance of the capital lease at December 31, 2016, was \$264,962.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 5: LONG-TERM DEBT (Continued)**

**Capital Leases (Continued)**

During 2014, the City entered into a lease agreement for \$172,903 to purchase a snow plow. Annual payments of \$38,601 are due through May, 2018. Interest accrues on the outstanding balance at 3% per annum. Capital assets of \$172,903 less accumulated depreciation of \$64,839 are reported under this lease. The outstanding balance of the capital lease at December 31, 2016, was \$73,681.

During 2014, the City entered into a lease agreement for \$135,615 to purchase a loader. Monthly payments of \$2,767 are due through April, 2017. Interest accrues on the outstanding balance at 3% per annum. Capital assets of \$135,614 less accumulated depreciation of \$50,856 are reported under this lease. The outstanding balance of the capital lease at December 31, 2015, was \$10,999.

Following is a schedule of the future minimum lease payments required under the capital lease obligations.

Year Ended December 31,

2017	\$ 107,373
2018	96,305
2019	57,704
2020	57,704
2021	<u>57,704</u>
Total Minimum Lease Payments	376,790
Less: Interest Portion	<u>(27,148)</u>
Present Value of Future Minimum Lease Payments	<u><b>\$ 349,642</b></u>

**Compensated Absences and Accrued Longevity Pay**

Compensated absences and accrued longevity pay of the governmental activities are expected to be liquidated with revenues of the General Fund.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 6: VOLUNTEER FIRE DEPARTMENT PENSION PLAN**

**General Information**

*Plan Description* - The Volunteer Fire Department Pension Plan is an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State statutes. The City Council serves as the plan's Board of Trustees. The Board of Trustees establishes and is authorized to amend the plan provisions, and determines the contributions made by the City. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The annual financial report of FPPA may be obtained at [www.fppaco.org](http://www.fppaco.org).

*Plan Membership* - Plan membership consists of active, inactive non-retirement, and retired volunteer firefighters and their beneficiaries. At December 31, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to, but not yet receiving, benefits	2
Active plan members	<u>12</u>
Total	<u><u>20</u></u>

*Benefits Provided* - Any volunteer firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension benefit of \$500. Monthly survivor benefits as a result of death in the line of duty or after retirement of the beneficiary are \$250. A volunteer firefighter is vested in the plan after ten years of service, and is eligible for an additional monthly pension benefit of \$25 between ten and twenty years of service.

*Contributions* - The plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. As established by its Legislature, the State of Colorado may provide a matching contribution of ninety percent of the City's contribution. Contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Based on the January 1, 2015, actuarial valuation, the actuarially determined contributions expected to finance the costs of benefits earned during the year, with an additional amount to finance the unfunded liability, were \$18,524. During the year ended December 31, 2016, the City and State did not contribute to the plan.

**Net Pension Liability**

At December 31, 2016, the City reported a net pension liability of \$61,829. The net pension liability was measured at December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 6: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)**

**Net Pension Liability** (Continued)

*Actuarial Assumptions* - The total pension liability in the actuarial valuation as of January 1, 2015, was determined using the following actuarial assumptions.

Inflation - 3%

Salary Increases - NA

Investment Rate of Return - 7.5%

Retirement Age - 50% per year of eligibility until 100% at age 65

Pre-retirement and post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment. In addition, pre-retirement mortality rates used a 40% multiplier for off-duty mortality. Disabled mortality rates were based on the RP-2000 Disabled Mortality Table. All tables are projected with Scale AA.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2007, to December 31, 2011, adopted by the FPPA Board of Directors in July, 2011.

A five-year smoothing methodology is used in the determination of the actuarial value of assets. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	<u>2%</u>	0.0%
Total	<u><u>100%</u></u>	

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 6: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)**

**Net Pension Liability** (Continued)

*Discount Rate* - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.5% was applied to all periods of projected benefit payments to determine the total pension liability.

For the year ended December 31, 2016, changes in the net pension liability of the City were as follows.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances, December 31, 2015	\$ 562,910	\$ 536,795	\$ 26,115
Service Cost	8,359	-	8,359
Interest	41,339	-	41,339
Employer Contributions	-	-	-
State of Colorado Contributions	-	6,417	(6,417)
Net Investment Income	-	9,668	(9,668)
Benefit Payments	(32,233)	(32,233)	-
Administrative Expenses	-	(2,101)	2,101
Balances, December 31, 2016	<u>\$ 580,375</u>	<u>\$ 518,546</u>	<u>\$ 61,829</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the City's net pension liability calculated using the discount rate of 7.5%, as well as the City's net pension liability if it were calculated using a discount that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's Net Pension Liability	<u>\$ 134,644</u>	<u>\$ 61,829</u>	<u>\$ 1,974</u>

*Pension Plan Fiduciary Net Position* - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 6: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2016, the City recognized pension expense of \$35,714. The net differences in projected and actual earnings on investments, expected and actual experience, and changes of assumptions were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

**NOTE 7: OTHER RETIREMENT COMMITMENTS**

**Fire and Police Department Pension Plan**

The City contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of all sworn police officers and paid firefighters. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the City. Participants vest immediately in their contributions. Vesting in the City's contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2016, the City contributed \$22,007 to the plan, equal to the required contributions.

**General Employees Pension Plan**

The City has established a single-employer defined contribution money purchase pension plan on behalf of all permanent employees not covered by the Fire and Police Department Pension Plan. The plan provisions and contribution requirements are established and may be amended by the City Council. Employees are eligible to participate in the plan after six months of employment, and are fully vested immediately. The City matches employee contributions up to 5% of compensation. Employees may make additional voluntary contributions not to exceed the limits established by federal regulations.

During the year ended December 31, 2016, the City and employees contributed \$28,741 and \$25,201, respectively, to the plan. The plan investments are managed by the International City/ County Management Association (ICMA).

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The City Council determines the City's contributions to the plan. The City currently matches employee contributions to a maximum of 5% of each employee's compensation. During the year ended December 31, 2016, the City contributed \$21,447 to the plan. The plan is administered by the ICMA, and all plan assets are held in trust for the exclusive benefit of the participants.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description* - City employees contribute to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statutes and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA at [www.fppaco.org](http://www.fppaco.org).

*Funding Policy* - The contribution requirements are established by State statutes. The City Council determines the contribution split between employees and the City. No contributions are required for employees hired prior to January 1, 1997. For employees hired on or after January 1, 1997, the employees contribute 2.6% of base salaries. The contributions to the plan for the years ended December 31, 2016, 2015 and 2014 were \$4,260, \$7,578, and \$8,611, respectively, equal to the required contributions.

**NOTE 9: RISK-RELATED ACTIVITIES**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Public Entity Risk Pool**

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgements**

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2016, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

**Conduit Debt**

On September 1, 1996, the City issued Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1996, in the amount of \$9,250,000, to finance the acquisition and construction of a multifamily housing facility for persons of low-income within the City known as Gold Mountain Apartments. The bonds mature on April 1, 2029, and are payable solely from revenues generated by the facility.

On December 1, 1997, the City issued Multifamily Housing Revenue Bonds, Series 1997, in the amount of \$3,194,000, to finance the acquisition and construction of a multifamily housing facility for persons of low- and middle-income comprised of 72 residential units in the City known as Gold Mountain Apartments Phase II. The bonds mature on December 25, 2030, and are payable solely from revenues generated by the facility.

The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance of the bonds at December 31, 2016, was \$7,430,000.

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which limits state and local government taxing powers and imposes spending limitations. The amendment is complex and subject to judicial interpretation. However, the City believes it is in substantial compliance with the requirements of the amendment.

In November, 1993, voters permitted the City to collect, retain, and expend the full proceeds of the City's sales and use tax, device tax, state gaming tax, and non-federal grants notwithstanding the limitations established by the amendment.

The City has established an emergency reserve representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2016, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$173,000.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 10:**     COMMITMENTS AND CONTINGENCIES (Continued)

**Gaming License Fee Rebate Incentive Agreements**

The City has approved incentive agreements with casinos located in the City whereby the City will rebate certain gaming license fees in exchange for the purchase, construction and/or maintenance of parking facilities. During the year ended December 31, 2016, the City paid \$280,520 under these agreements.

**Litigation**

The City is involved in pending or threatened litigation. However, management believes the outcome of any litigation will not have a significant effect on the City's financial position.

**NOTE 11:**     CONCENTRATION OF RISK

For the year ended December 31, 2016, approximately 62% of the revenues of the City's governmental funds were generated from gaming license and device fees and State gaming revenues. A reduction in this revenue, if it were to occur, may have a significant effect on the City's programs and activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF CENTRAL, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS  
VOLUNTEER FIRE DEPARTMENT PENSION PLAN

December 31, 2016

	<u>12/31/15</u>	<u>12/31/14</u>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 8,359	\$ 11,469
Interest	41,339	42,634
Differences Between Expected and Actual Experience	-	(46,649)
Changes of Assumptions	-	(33,192)
Benefit Payments	<u>(32,233)</u>	<u>(27,333)</u>
Net Change in Total Pension Liability	17,465	(53,071)
Total Pension Liability, Beginning	<u>562,910</u>	<u>615,981</u>
Total Pension Liability, Ending	<u>\$ 580,375</u>	<u>\$ 562,910</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ -	\$ 11,656
Contributions - State of Colorado	6,417	6,417
Net Investment Income	9,668	34,187
Benefit Payments	(32,233)	(27,333)
Administrative Expenses	<u>(2,101)</u>	<u>(1,171)</u>
Net Change in Plan Fiduciary Net Position	(18,249)	23,756
Plan Fiduciary Net Position, Beginning	<u>536,795</u>	<u>513,039</u>
Plan Fiduciary Net Position, Ending	<u>\$ 518,546</u>	<u>\$ 536,795</u>
<b>CITY'S NET PENSION LIABILITY</b>	<u>\$ 61,829</u>	<u>\$ 26,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89%	95%
Covered Payroll	NA	NA
City's Net Pension Liability as a Percentage of Covered Payroll	NA	NA
<b>CITY CONTRIBUTIONS</b>		
Actuarially Determined Contributions	\$ 18,524	\$ 18,524
Contributions in Relation to the Actuarially Determined Contributions	<u>6,417</u>	<u>18,073</u>
Contribution Deficiency	<u>\$ 12,107</u>	<u>\$ 451</u>
Covered Payroll	NA	NA
Contributions as a Percentage of Covered Payroll	NA	NA

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 953,000	\$ 1,167,452	\$ 214,452
Gaming Fees	2,416,277	2,124,780	(291,497)
Licenses and Permits	28,900	77,245	48,345
Charges for Services	80,133	103,299	23,166
Fines and Forfeitures	57,000	14,892	(42,108)
Intergovernmental	905,595	949,269	43,674
Investment Income	-	9,184	9,184
Miscellaneous	40,000	23,321	(16,679)
<b>TOTAL REVENUES</b>	<u>4,480,905</u>	<u>4,469,442</u>	<u>(11,463)</u>
EXPENDITURES			
Current			
General Government	1,449,924	1,259,305	190,619
Public Safety	693,393	569,632	123,761
Public Works	974,297	1,027,497	(53,200)
Community Development	868,903	631,997	236,906
Fire	478,782	416,098	62,684
<b>TOTAL EXPENDITURES</b>	<u>4,465,299</u>	<u>3,904,529</u>	<u>560,770</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,606</u>	<u>564,913</u>	<u>549,307</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	137,932	137,932
Transfers Out	(477,222)	(140,614)	336,608
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(477,222)</u>	<u>(2,682)</u>	<u>474,540</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(461,616)</u>	<u>562,231</u>	<u>1,023,847</u>
FUND BALANCE, Beginning	<u>2,785,295</u>	<u>2,632,780</u>	<u>(152,515)</u>
FUND BALANCE, Ending	<u>\$ 2,323,679</u>	<u>\$ 3,195,011</u>	<u>\$ 871,332</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION FUND  
 Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Gaming Fees	\$ -	\$ 499,560	\$ 499,560
TOTAL REVENUES	<u>-</u>	<u>499,560</u>	<u>499,560</u>
EXPENDITURES			
Current			
Public Works	953,103	274,096	679,007
Debt Service	<u>173,867</u>	<u>173,867</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,126,970</u>	<u>447,963</u>	<u>679,007</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,126,970)</u>	<u>51,597</u>	<u>1,178,567</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	835,003	-	(835,003)
Transfers In	473,815	-	(473,815)
Transfers Out	<u>(185,000)</u>	<u>(185,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,123,818</u>	<u>(185,000)</u>	<u>(1,308,818)</u>
NET CHANGE IN FUND BALANCE	(3,152)	(133,403)	(130,251)
FUND BALANCE, Beginning	<u>7,000</u>	<u>1,036,963</u>	<u>1,029,963</u>
FUND BALANCE, Ending	<u>\$ 3,848</u>	<u>\$ 903,560</u>	<u>\$ 899,712</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

**NOTE 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS**

The Volunteer Fire Department Pension Plan's net pension liability and associated amounts are measured at December 31, 2015, based on an actuarial valuation as of January 1, 2015, which is a one-year lag compared to the City's fiscal year ended December 31, 2016.

**Contributions**

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

Significant actuarial methods and assumptions used to determine the contribution rates for the Volunteer Fire Department Pension Plan are as follows.

- Actuarial Cost Method - Entry Age Normal
- Amortization Method - Level Dollar, Open
- Remaining Amortization Period - 20 years
- Asset Valuation Method - 5-Year Smoothed Fair Value
- Inflation - 3%
- Salary Increases - NA
- Investment Rate of Return - 7.5%
- Retirement Age - 50% per year of eligibility until 100% at age 65
- Mortality -
  - Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality
  - Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment,
  - Disabled: RP-2000 Disabled Mortality Table
  - All tables projected with Scale AA

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets**

Budgets are adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.

For the year ended December 31, 2016, budgets were not adopted for the Impact Fees and Public Property Trust Funds because no expenditures were anticipated.

CITY OF CENTRAL, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Budgets (Continued)**

The City follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally adopted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at year end.

**SUPPLEMENTARY INFORMATION**

CITY OF CENTRAL, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

	<u>HISTORIC PRESERVATION</u>	<u>CONSERVATION TRUST</u>	<u>IMPACT FEES</u>	<u>PUBLIC PROPERTY TRUST</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and Investments	\$ <u>388,758</u>	\$ <u>67,461</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>456,219</u>
<b>TOTAL ASSETS</b>	\$ <u><u>388,758</u></u>	\$ <u><u>67,461</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>456,219</u></u>
<b>LIABILITIES</b>					
Accounts Payable	\$ <u>1,951</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,951</u>
<b>FUND BALANCES</b>					
Restricted for Historic Preservation	386,807	-	-	-	386,807
Restricted for Parks and Open Space	<u>-</u>	<u>67,461</u>	<u>-</u>	<u>-</u>	<u>67,461</u>
<b>TOTAL FUND BALANCES</b>	<u>386,807</u>	<u>67,461</u>	<u>-</u>	<u>-</u>	<u>454,268</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ <u><u>388,758</u></u>	\$ <u><u>67,461</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>456,219</u></u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2016

	<u>HISTORIC PRESERVATION</u>	<u>CONSERVATION TRUST</u>	<u>IMPACT FEES</u>	<u>PUBLIC PROPERTY TRUST</u>	<u>TOTALS</u>
<b>REVENUES</b>					
Charges for Services	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Intergovernmental	431,725	8,050	-	-	439,775
Contributions and Donations	1,746	-	-	-	1,746
Investment Income	-	325	-	-	325
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	448,471	8,375	-	-	456,846
<b>EXPENDITURES</b>					
Current					
Historic Preservation	47,587	-	-	-	47,587
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	47,587	-	-	-	47,587
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	400,884	8,375	-	-	409,259
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	129,585	11,029	140,614
Transfers Out	(355,467)	-	-	-	(355,467)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(355,467)	-	129,585	11,029	(214,853)
<b>NET CHANGE IN FUND BALANCES</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	45,417	8,375	129,585	11,029	194,406
<b>FUND BALANCES, Beginning</b>					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	341,390	59,086	(129,585)	(11,029)	259,862
<b>FUND BALANCES, Ending</b>					
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 386,807	\$ 67,461	\$ -	\$ -	\$ 454,268

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,000	\$ 210,727	\$ 150,727
TOTAL REVENUES	<u>60,000</u>	<u>210,727</u>	<u>150,727</u>
EXPENDITURES			
Current			
General Government	57,702	57,702	-
Public Works	1,236,903	664,903	572,000
Community Development	20,000	9,354	10,646
Fire	53,000	104,644	(51,644)
Historic Preservation	217,535	24,135	193,400
TOTAL EXPENDITURES	<u>1,585,140</u>	<u>860,738</u>	<u>724,402</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,525,140)</u>	<u>(650,011)</u>	<u>875,129</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	20,000	12,400	(7,600)
Transfers In	402,535	402,535	-
TOTAL FINANCING SOURCES	<u>422,535</u>	<u>414,935</u>	<u>(7,600)</u>
NET CHANGE IN FUND BALANCE	(1,102,605)	(235,076)	867,529
FUND BALANCE, Beginning	<u>1,140,039</u>	<u>938,042</u>	<u>(201,997)</u>
FUND BALANCE, Ending	<u>\$ 37,434</u>	<u>\$ 702,966</u>	<u>\$ 665,532</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

HISTORIC PRESERVATION FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 7,000	\$ 15,000	\$ 8,000
Intergovernmental	400,000	431,725	31,725
Contributions and Donations	-	1,746	1,746
Investment Income	70	-	(70)
	<u>407,070</u>	<u>448,471</u>	<u>41,401</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Historic Preservation	65,603	47,587	18,016
	<u>65,603</u>	<u>47,587</u>	<u>18,016</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	341,467	400,884	59,417
OTHER FINANCING SOURCES (USES)			
Transfers Out	(355,467)	(355,467)	-
	<u>(355,467)</u>	<u>(355,467)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(14,000)	45,417	59,417
FUND BALANCE, Beginning	314,520	341,390	26,870
	<u>314,520</u>	<u>341,390</u>	<u>26,870</u>
FUND BALANCE, Ending	\$ <u>300,520</u>	\$ <u>386,807</u>	\$ <u>86,287</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2016

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 6,700	\$ 8,050	\$ 1,350
Investment Income	50	325	275
	<u>6,750</u>	<u>8,375</u>	<u>1,625</u>
TOTAL REVENUES			
	6,750	8,375	1,625
NET CHANGE IN FUND BALANCE			
	6,750	8,375	1,625
FUND BALANCE, Beginning	<u>58,849</u>	<u>59,086</u>	<u>237</u>
FUND BALANCE, Ending	<u>\$ 65,599</u>	<u>\$ 67,461</u>	<u>\$ 1,862</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 623,542	\$ 586,061	\$ (37,481)
Investment Income	1,500	-	(1,500)
Tap Fees	-	10,705	10,705
<b>TOTAL REVENUES</b>	<u>625,042</u>	<u>596,766</u>	<u>(28,276)</u>
<b>EXPENDITURES</b>			
Personnel Services	159,050	164,337	(5,287)
Professional Services	217,000	114,822	102,178
Operating	176,500	97,776	78,724
Repairs and Maintenance	-	5,718	(5,718)
<b>TOTAL EXPENDITURES</b>	<u>552,550</u>	<u>382,653</u>	<u>169,897</u>
<b>CHANGE IN NET POSITION, Budgetary Basis</b>	<u>\$ 72,492</u>	214,113	<u>\$ 141,621</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Depreciation		<u>(342,623)</u>	
<b>CHANGE IN NET POSITION, GAAP Basis</b>		<u>\$ (128,510)</u>	

See the accompanying Independent Auditors' Report.

## **COMPLIANCE SECTION**

## **STATE COMPLIANCE**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Central City
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of City of Central, Colorado)	Prepared By: Phone:	Lorraine Trotter, Professional Mgmt Solution 303-910-9197

**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**

ITEM	AMOUNT
<b>A. Receipts from local sources:</b>	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	135,202
4. Miscellaneous local receipts (from page 2)	86,439
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	221,641
<b>B. Private Contributions</b>	
<b>C. Receipts from State government</b> (from page 2)	66,759
<b>D. Receipts from Federal Government</b> (from page 2)	97,909
<b>E. Total receipts (A.7 + B + C + D)</b>	386,310

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	174,558
2. Maintenance:	570,208
3. Road and street services:	
a. Traffic control operations	144,747
b. Snow and ice removal	87,419
c. Other	0
d. Total (a. through c.)	232,166
4. General administration & miscellaneous	116,006
5. Highway law enforcement and safety	142,408
6. Total (1 through 5)	1,235,346
<b>B. Debt service on local obligations:</b>	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
<b>C. Payments to State for highways</b>	
<b>D. Payments to toll facilities</b>	
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,235,346

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	1,561,693	0	175,824	1,385,869

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	849,036	386,310	1,235,346	0	(1)

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
12/16

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	50,441
1. Sales Taxes	117,217	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	24,567
5. Specific Ownership &/or Other	17,985	g. Other Misc. Receipts	
6. Total (1. through 5.)	135,202	h. Other County Road & Bridge	11,431
c. Total (a. + b.)	135,202	i. Total (a. through h.)	86,439
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	50,441	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	97,909
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) FEMA State Match	16,318	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	16,318	g. Total (a. through f.)	97,909
4. Total (1. + 2. + 3.f)	66,759	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		61,858	61,858
(4). System Enhancement & Operation		112,700	112,700
(5). Total Construction (1) + (2) + (3) + (4)	0	174,558	174,558
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	174,558	174,558
			(Carry forward to page 1)

Notes and Comments: