

City of Central, Colorado
Financial Statements
with Independent Auditors' Report
December 31, 2017



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Office of the State Auditor

July 26, 2018



City of Central, Colorado

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Financial Section



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central as of and for the year ended December 31, 2017, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central as of December 31, 2017, 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 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.

Hick & Company, PC

Greenwood Village, Colorado
July 16, 2018



City of Central, Colorado
Management Discussion & Analysis
December 31, 2017

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, 2017.

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

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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.

The government-wide financial statements can be found on pages 3 and 4 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 six (6) 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 three (Historic Preservation Fund, Conservation Trust Fund, and Impact Fees 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

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government-wide financial statements, only in a bit more detail. Proprietary fund financial statements can be found on pages 9-11 of this report.

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 12-28 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 29-33 of this report. Budgetary comparison schedules for the other funds with adopted budgets are displayed on pages 36-39 in the "Supplementary Information" section of the report. These statements and schedules demonstrate compliance with the City'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 \$40,609,149 at the close of 2017.

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City of Central's Net Position

	Governmental		Business-type			
	Activities		Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 6,059,907	\$ 5,138,564	\$ 301,380	\$ 173,863	\$ 6,361,287	\$ 5,312,427
Capital assets, net	27,515,569	29,664,591	9,607,645	9,715,648	37,123,214	39,380,239
Internal balances	1,019,205	1,089,205	(1,019,205)	(1,089,205)	-	-
Total assets	\$ 34,594,681	\$ 35,892,360	\$ 8,889,820	\$ 8,800,306	\$ 43,484,501	\$ 44,692,666
Long-term debt outstanding	1,653,373	1,869,987	8,630	5,786	1,662,003	1,875,773
Current liabilities	791,494	734,389	89,349	22,376	880,843	756,765
Net pension liability	72,477	61,829	-	-	72,477	61,829
Total liabilities	\$ 2,517,344	\$ 2,666,205	\$ 97,979	\$ 28,162	\$ 2,615,323	\$ 2,694,367
Deferred Inflow of Resources	260,029	256,519	-	-	260,029	256,519
Net position:						
Net investment in capital assets	\$ 26,207,007	\$ 28,764,134	\$ 9,607,645	\$ 9,715,648	\$ 35,814,652	\$ 38,479,782
Restricted for Emergencies	173,000	173,000	-	-	173,000	173,000
Restricted for other purposes	606,357	454,268	-	-	606,357	454,268
Unrestricted	4,830,944	3,578,234	(815,804)	(943,504)	4,015,140	2,634,730
Total net position	\$ 31,817,308	\$ 32,969,636	\$ 8,791,841	\$ 8,772,144	\$ 40,609,149	\$ 41,741,780

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 net of related debt account for 88.2% of total net position. 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 assets grew from the end of 2016 to the end of 2017, increasing by \$1,048,860 (19.7%). Overall, the City's Total Net Position decreased by 2.7%, or \$1,132,631 because the \$2,754,088 depreciation of the City's capital assets exceeded its other operating gains.

In the Governmental Activities, current assets at December 31, 2017 exceeded total liabilities by \$3,542,563 (140.7%). In the Business-type Activities, current assets exceeded total liabilities by \$203,401 (207.6%).

Approximately 1.9% 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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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			
	Activities		Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program revenues:						
Charges for services	\$ 193,881	\$ 210,436	\$ 704,721	\$ 586,061	\$ 898,602	\$ 796,497
Operating grants & contributions	656,303	518,080	7,734	-	664,037	518,080
Capital grants & contributions	143,120	376,740	125,330	10,705	268,450	387,445
General revenues:					-	
Property taxes	273,777	284,930	-	-	273,777	284,930
Sales & use taxes	933,058	759,378	-	-	933,058	759,378
Lodging Tax	69,402	64,252	-	-	69,402	64,252
State Gaming Tax	854,451	846,283	-	-	854,451	846,283
Gaming Licences & Device Fees	2,426,433	2,624,340	-	-	2,426,433	2,624,340
Investment Income	17,175	9,509	497	-	17,672	9,509
Other Revenue	96,480	101,179	-	-	96,480	101,179
Transfers In/(Out)	-	-	-	-	-	-
Total revenues	\$ 5,664,080	\$ 5,795,127	\$ 838,282	\$ 596,766	\$ 6,502,362	\$ 6,391,893
Program expenses:						
General Government	\$ 1,104,384	\$ 1,382,528	\$ -	\$ -	\$ 1,104,384	\$ 1,382,528
Public Safety	1,105,820	1,050,161	-	-	1,105,820	1,050,161
Public Works	3,809,356	3,654,926	-	-	3,809,356	3,654,926
Community Development	473,374	641,351	-	-	473,374	641,351
Historic Preservation	292,790	71,722	-	-	292,790	71,722
Interest on Long-Term Debt	30,684	37,369	-	-	30,684	37,369
Water	-	-	818,585	725,276	818,585	725,276
Total expenses	\$ 6,816,408	\$ 6,838,057	\$ 818,585	\$ 725,276	\$ 7,634,993	\$ 7,563,333
Increase/(decrease)in net assets	\$ (1,152,328)	\$ (1,042,930)	\$ 19,697	\$ (128,510)	\$ (1,132,631)	\$ (1,171,440)
Net Position, Beginning	32,969,636	34,012,566	8,772,144	8,900,654	41,741,780	42,913,220
Net Position, Ending	\$31,817,308	\$32,969,636	\$8,791,841	\$8,772,144	\$40,609,149	\$41,741,780

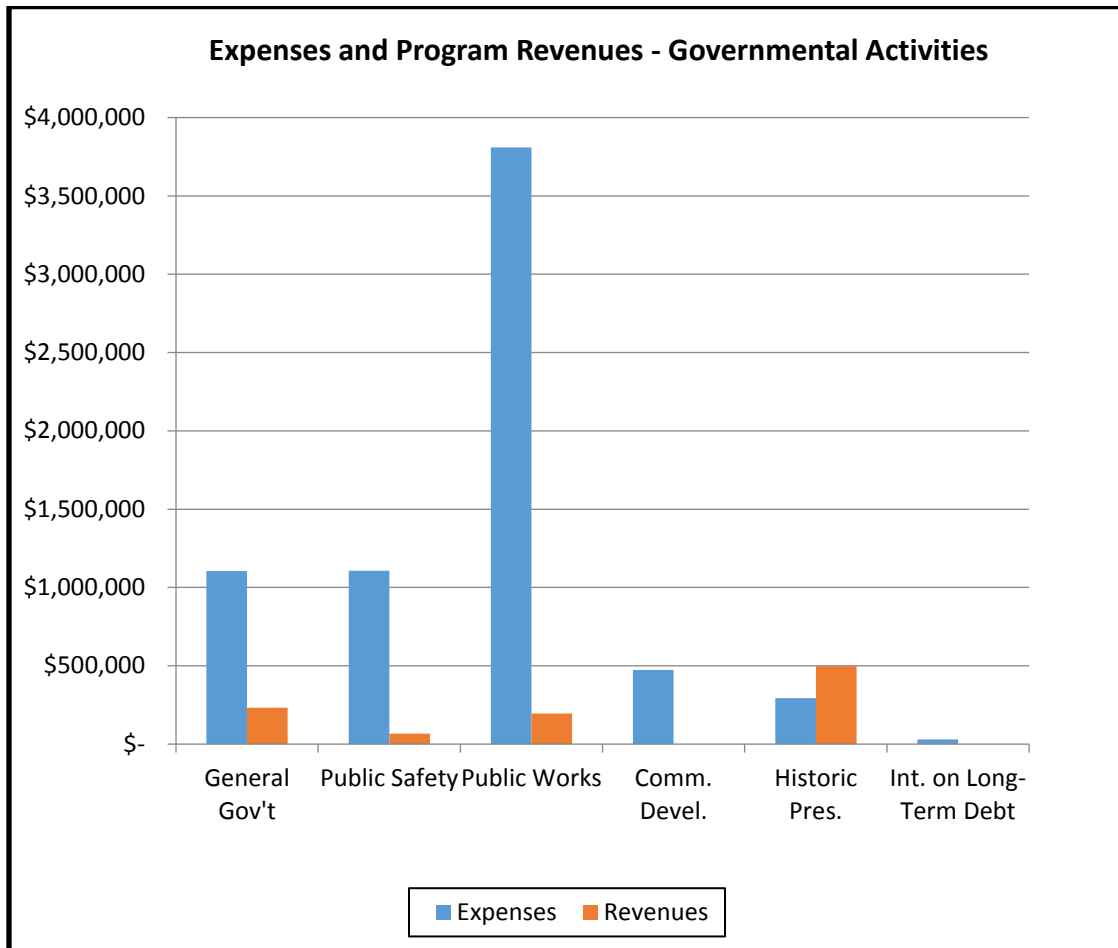
Governmental Activities

Governmental activities caused the City's net position to decrease by \$1,152,328 in 2017. Key elements of this decrease are as follows:

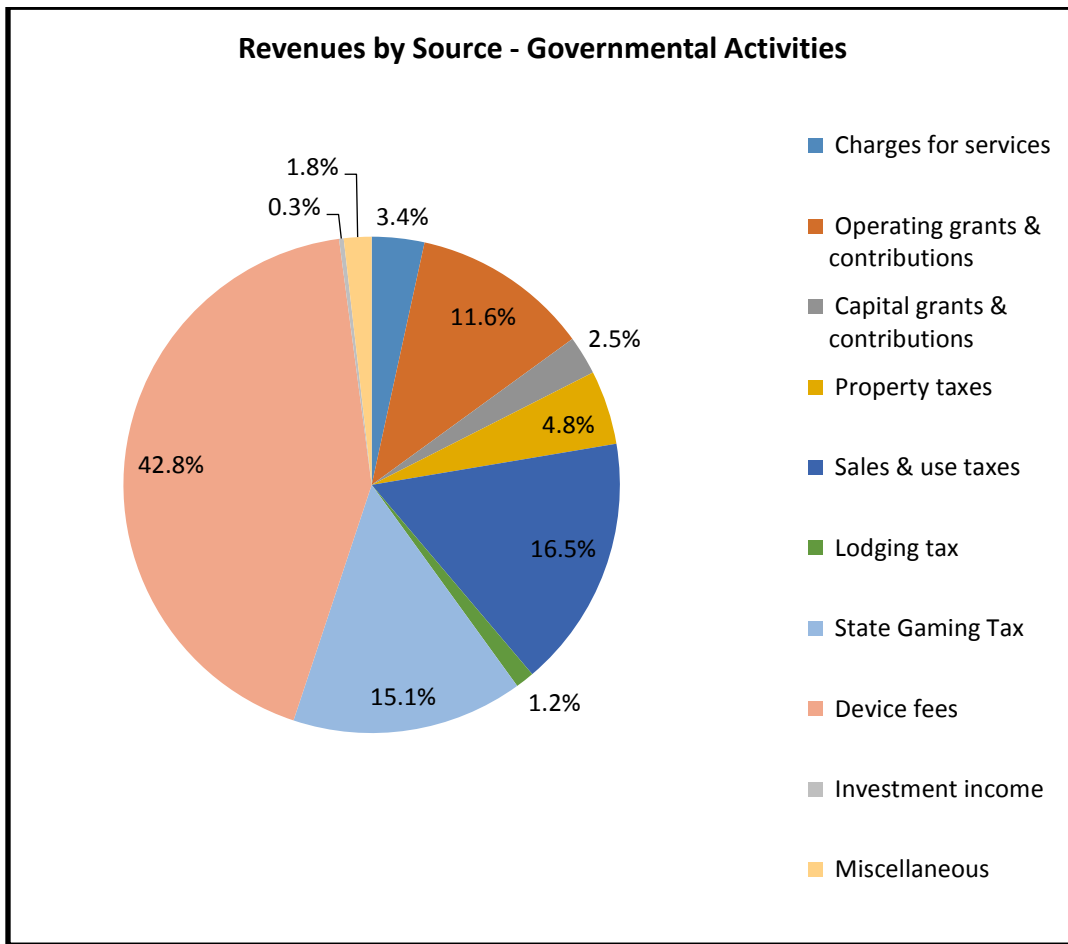
- Depreciation within the program expenses totaled \$2,434,567 in 2017 for Governmental Activities
- Sales and use taxes increased by \$173,680 (22.9%) during 2017.
- Gaming licenses and device fees decreased by \$197,907 (7.5%) during 2017.

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The following two charts illustrate the 2017 expenses and related program revenues of the Governmental Activities.



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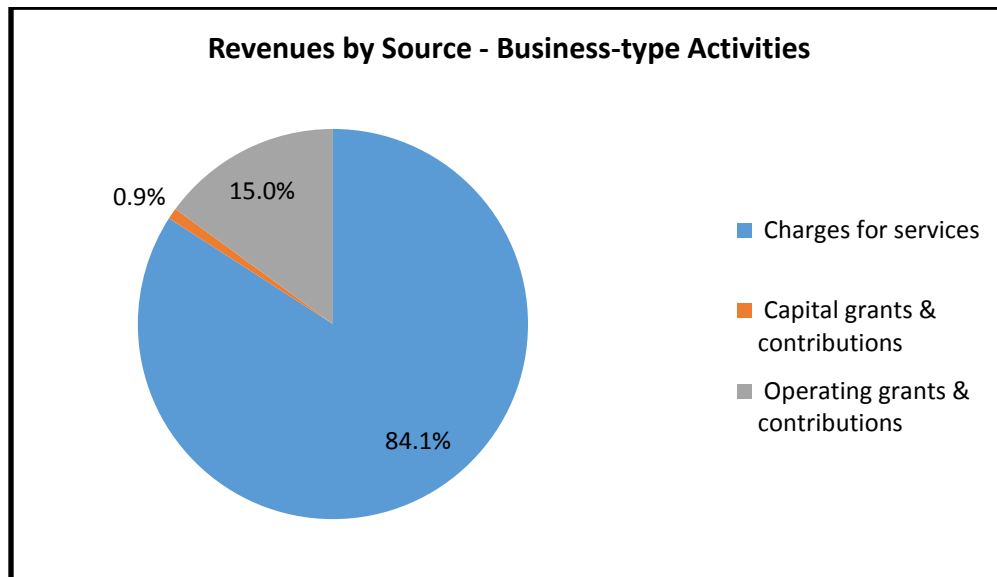
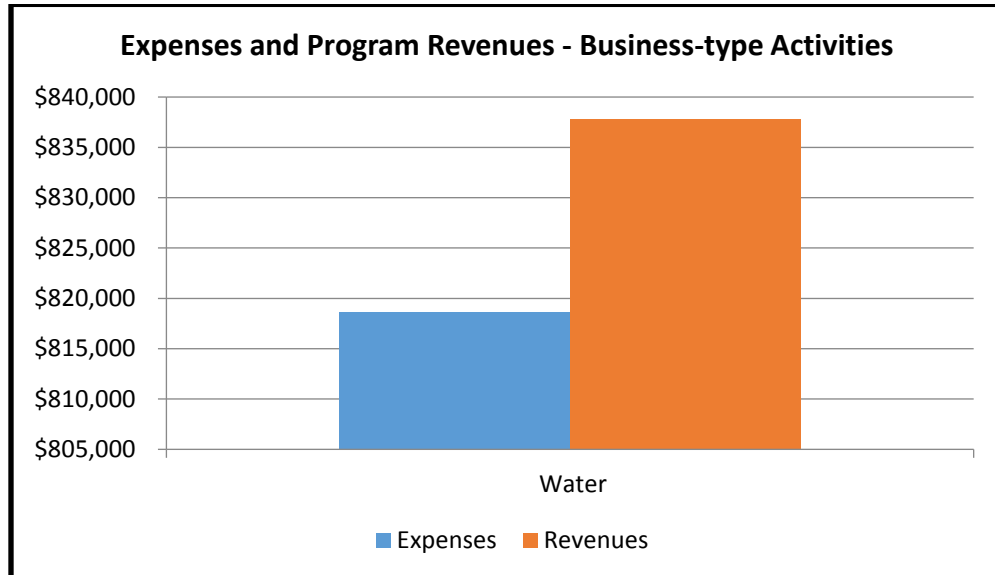
Device fees and state gaming taxes comprised 57.9% of the revenues for Governmental Activities in the City of Central in 2017. Management closely tracks these revenues because of their importance to the City's budget.

Business-type Activities

Business-type activities caused the City's net position to increase by \$19,697 in 2017. Charges for services increased by \$118,660 (20.2%). Charges for services exceeded operating expenses not including depreciation by \$205,657.

The following two charts illustrate the Business-type Activities total expenses including depreciation and related program revenues. Program revenues included operating grants and contributions of \$7,734 and capital grants and contributions of \$125,330 in addition to the charges for services discussed above.

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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 2017, the City's governmental funds reported combined ending fund balances of \$6,042,570. This was an increase of \$786,765 (15.0%) from the prior year's ending fund balances. Revenues stayed fairly level at \$5,646,455 while expenditures decreased by \$401,127 (7.6%).

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The following chart details the City's fund balances for the past ten (10) years:

City of Central Ending Governmental Fund Balances

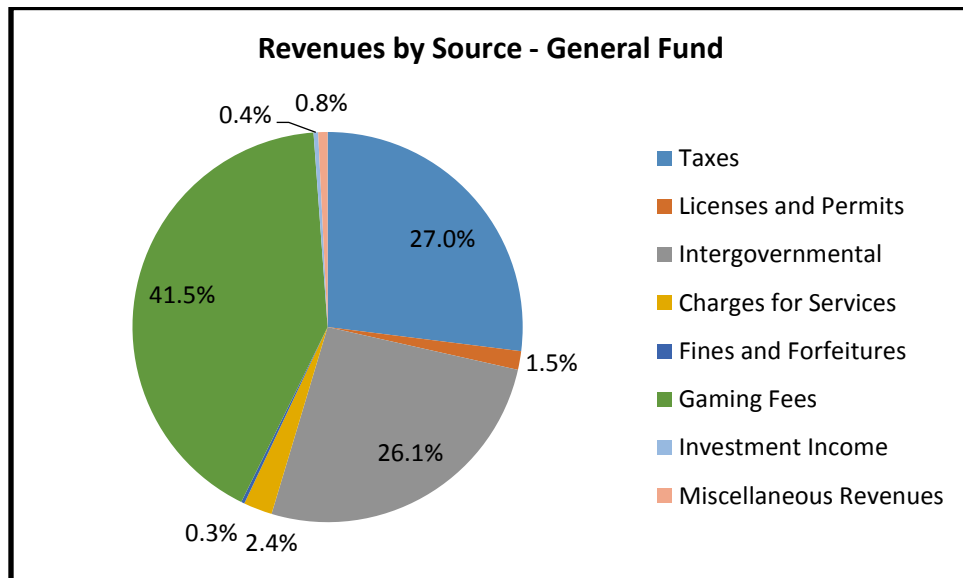
Fund	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General	\$ 1,042,854	\$ 1,083,488	\$ 204,049	\$ 1,153,136	\$ 1,594,416	\$ 1,585,809	\$ 2,263,848	\$ 2,632,780	\$ 3,195,011	\$ 3,562,725
Transportation	-	-	-	-	-	-	-	1,036,963	903,560	1,006,456
Capital Improvement	-	-	-	-	-	-	-	938,042	702,966	861,014
Historic Preservation	451,949	580,053	399,885	999,475	467,139	239,395	218,420	341,390	386,807	531,479
TABOR ¹	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	74,878
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)	-	6,018
Total	\$ 603,178	\$ 774,336	\$ 1,676,197	\$ 2,506,652	\$ 2,409,426	\$ 2,173,563	\$ 2,598,429	\$ 4,867,647	\$ 5,255,805	\$ 6,042,570

¹ TABOR Fund was combined with General Fund beginning in 2015.

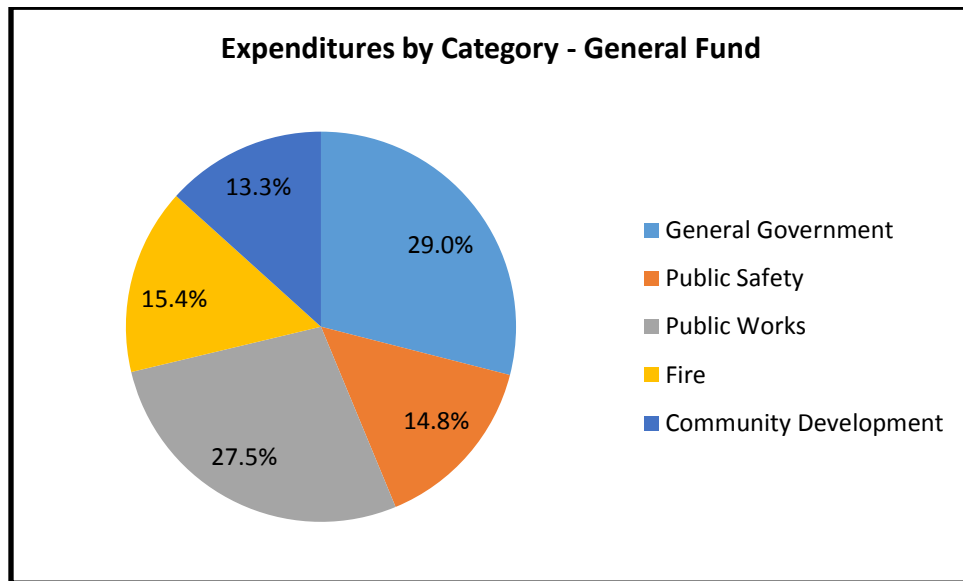
Grants and loans received in the Transportation and Capital Improvement Funds have helped to improve the governmental fund balances during the last three years.

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 2017 increased \$367,714 (11.5%) over 2016. Revenues decreased by \$545,131 (12.2%) in 2017 primarily because of a reallocation of gaming device fees (\$795,997) receipted in the Transportation Fund in 2017. General Fund expenditures decreased in the categories of General Government (-\$228,432), Public Safety (-\$44,481), Public Works (-\$48,865), and Community Development (-\$158,623). General Fund expenditures increased in the Fire category (\$132,469) during 2017.

The following two tables illustrate General Fund revenues and expenditures during 2017.



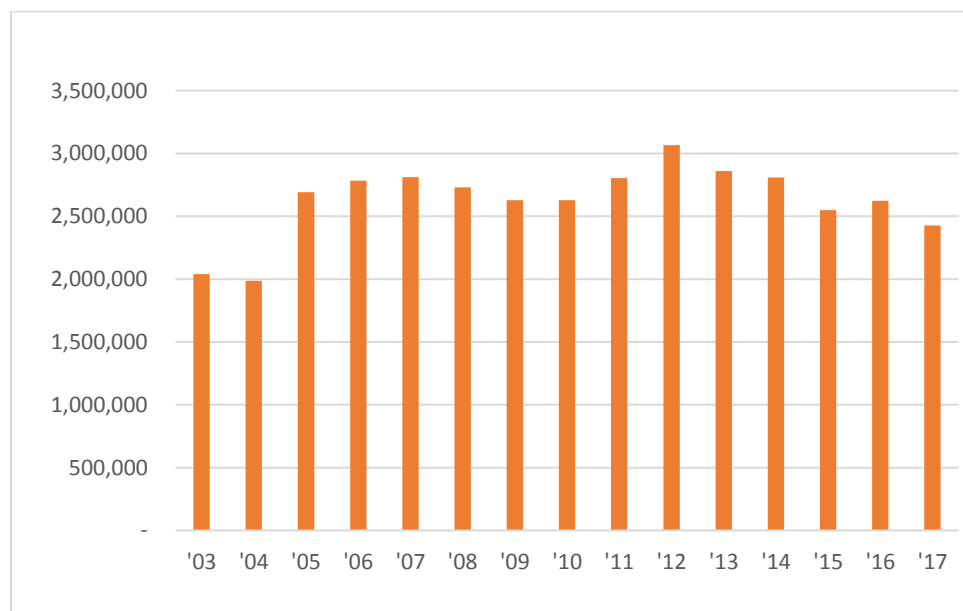
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During 2017, the City received \$3,924,311 in General Fund revenues. The percentage of the total General Fund revenues comprised of intergovernmental revenues increased from 21.3% in 2016 to 26.1% in 2017. Due to the new allocation of part of the gaming device fees to the Transportation Fund, the percentage of total General Fund revenues derived from Gaming decreased from 47.6% in 2016 to 41.5% in 2017.

Device Fees and Licenses: Device fees are the City's most significant source of revenue. During 2017, device fees and licenses collected by all governmental funds totaled \$2,426,433 and accounted for 43.0% of all governmental fund revenues. The graph below illustrates the total amount of device revenue collected for all governmental funds over the last fifteen years.

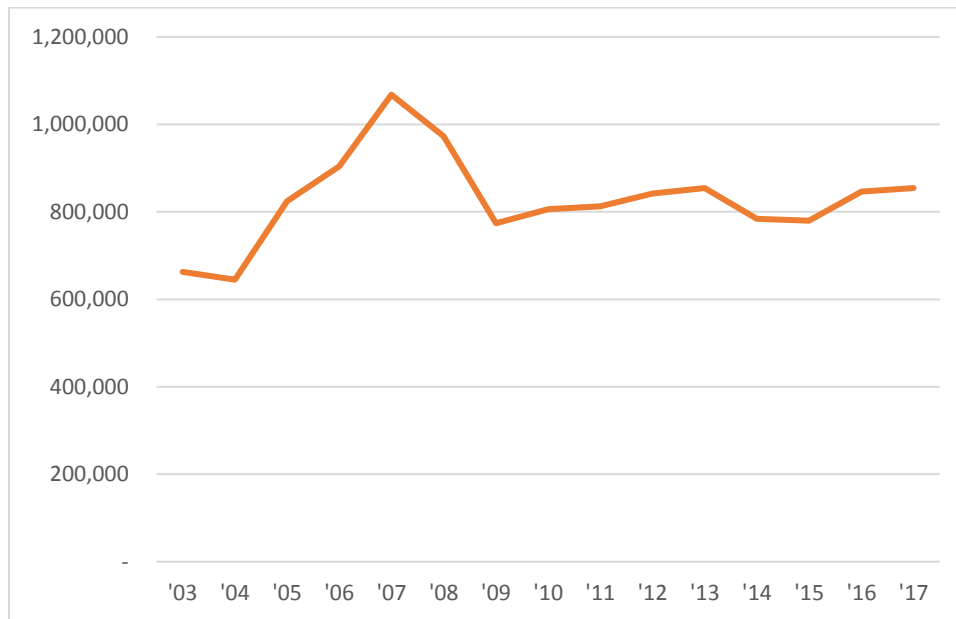
Gaming Device Revenue



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Gaming Taxes: The City's second most important governmental 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 \$854,451 in 2017 compared to \$846,283 in 2016, which was a small increase of 1.0%. Below is a graph illustrating state gaming tax revenue for the past fifteen years.

State Gaming Tax



General Fund Expenditures: Expenditures for all departments within the General Fund totaled \$3,556,597 in 2017, which represented a decrease of \$347,932 (8.9%) compared to 2016. This decrease was largely due to decreased general government expenditures of \$228,432 (for device fee rebates, training, legal fees, workers compensation insurance, accounting, telephone, copier charges, and computer equipment), decreased community development expenditures of \$158,623 (for marketing and not-for-profit support), and decreased public works expenditures of \$48,865 (for sand and salt, and repair and maintenance).

Transportation Fund: The Transportation Fund received \$795,997 in gaming device fees during 2017, which was an increase of \$296,437 (59.3%) over 2016. During 2017 the Transportation Fund balance increased by \$102,896 (11.4%). The fund's expenditures included street and sidewalk improvements and repairs (\$282,548), shuttle services (\$244,383), and loan repayments as required (\$173,867) to the Colorado Department of Transportation's State Infrastructure Bank.

Capital Improvement Fund: During 2017, the Capital Improvement Fund balance increased by \$158,048 (22.5%) primarily due to the receipting of marijuana sales taxes (\$277,759) in this fund instead of the General Fund beginning in 2017. The fund also received federal (\$102,072) and state (\$41,048) grant revenues. It purchased fire department equipment (\$50,380), a motor pool vehicle (\$19,132), repaired and upgraded City Hall facilities (\$33,101), and constructed park improvements (\$48,922). The fund also made loan repayments totaling \$107,371 on its capital equipment leases.

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Historic 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 2017, the City received \$440,692 in state grant revenue, which was 2.1% more than in 2016. Other revenues include sales from the Visitors' Center.

Water Fund: At December 31, 2017 the Net Position of the Water Fund was \$8,791,841. Revenues from charges for services increased \$118,660 (20.2%) over 2016. Operating expenses of \$818,585 in 2017 represented an increase of \$93,309 (12.9%) compared to 2016. Most of the increase was the result of repairs and maintenance, as well as the recognition of administrative expenses formerly paid by the General Fund (\$40,000).

The Water Fund cut its operating loss from \$-139,215 in 2016 to \$-113,864 in 2017. Charges for services covered 86.1% of operating expenses in 2017 compared to 80.8% of operating expenses in 2016 (and 81.1% and 68.4% of operating expenses in 2015 and 2014 respectively). As in most years, a significant portion of the 2017 operating loss for the Water Fund was related to depreciation (\$319,521) of plant and equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2017 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 capital acquisitions and expenses during 2017 included:

Water Plant and Lines	\$ 211,518
Buildings and Improvements	58,119
Equipment and Vehicles	171,126
Construction in Progress	56,300

Debt Administration. Note 5 of the financial statements provides a summary of the City's long-term debt. At December 31, 2017 the City owed \$1,246,649 on the loan from the Colorado Department of Transportation's State Infrastructure Bank. The City also had capital leases payable totaling \$252,809. 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 \$153,915 in the General Fund and \$8,630 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 2018 to 2017. The 2018 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 2017.

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December 31, 2017

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, 2017

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and Investments	\$ 5,241,853	\$ 224,610	\$ 5,466,463
Restricted Cash and Investments	190,896	-	190,896
Accounts Receivable	263,191	76,770	339,961
Taxes Receivable	322,919	-	322,919
Grants Receivable	41,048	-	41,048
Internal Balances	1,019,205	(1,019,205)	-
Capital Assets, <i>Not Being Depreciated</i>	6,231,744	1,884,261	8,116,005
Capital Assets, <i>Net of Accumulated Depreciation</i>	21,283,825	7,723,384	29,007,209
Total Assets	34,594,681	8,889,820	43,484,501
Liabilities			
Accounts Payable	277,359	89,349	366,708
Accrued Liabilities	49,323	-	49,323
Unearned Revenues	449,831	-	449,831
Accrued Interest Payable	14,981	-	14,981
Noncurrent Liabilities			
Due Within One Year	238,781	863	239,644
Due in More Than One Year	1,414,592	7,767	1,422,359
Net Pension Liability	72,477	-	72,477
Total Liabilities	2,517,344	97,979	2,615,323
Deferred Inflows of Resources			
Property Taxes	260,029	-	260,029
Net Position			
Net Investment in Capital Assets	26,207,007	9,607,645	35,814,652
Restricted for:			
Emergencies	173,000	-	173,000
Historic Preservation	531,479	-	531,479
Parks and Open Space	74,878	-	74,878
Unrestricted	4,830,944	(815,804)	4,015,140
Total Net Position	\$ 31,817,308	\$ 8,791,841	\$ 40,609,149

City of Central, Colorado
Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 1,104,384	\$ 122,360	\$ 110,358	\$ -	\$ (871,666)	\$ -	\$ (871,666)
Public Safety	483,971	25,304	-	-	(458,667)	-	(458,667)
Public Works	3,809,356	31,540	62,611	102,072	(3,613,133)	-	(3,613,133)
Community Development	473,374	-	-	-	(473,374)	-	(473,374)
Fire	621,849	-	-	41,048	(580,801)	-	(580,801)
Historic Preservation	292,790	14,677	483,334	-	205,221	-	205,221
Interest on Long-Term Debt	30,684	-	-	-	(30,684)	-	(30,684)
Total Governmental Activities	6,816,408	193,881	656,303	143,120	(5,823,104)	-	(5,823,104)
<i>Business-Type Activities</i>							
Water Utility	818,585	704,721	7,734	125,330	-	19,200	19,200
Total Business-Type Activities	818,585	704,721	7,734	125,330	-	19,200	19,200
Total Primary Government	\$ 7,634,993	\$ 898,602	\$ 664,037	\$ 268,450	(5,823,104)	19,200	(5,803,904)
General Revenues							
Property Taxes					255,880	-	255,880
Specific Ownership Taxes					17,897	-	17,897
Sales and Use Taxes					933,058	-	933,058
Lodging Taxes					69,402	-	69,402
Franchise Taxes					60,125	-	60,125
State Gaming Revenues					854,451	-	854,451
Gaming License Fees					1,630,436	-	1,630,436
Gaming Device Fees					795,997	-	795,997
Grants and Contributions not Restricted to Specific Programs					4,783	-	4,783
Investment Income					18,023	497	18,520
Miscellaneous					30,724	-	30,724
Total General Revenues					4,670,776	497	4,671,273
Change in Net Position					(1,152,328)	19,697	(1,132,631)
Net Position, Beginning of year					32,969,636	8,772,144	41,741,780
Net Position, End of year					\$ 31,817,308	\$ 8,791,841	\$ 40,609,149

City of Central, Colorado

Balance Sheet Governmental Funds December 31, 2017

	General	Transportation	Capital Improvement	Nonmajor Governmental Funds	Totals
Assets					
Cash and Investments	\$ 2,926,468	\$ 781,022	\$ 840,665	\$ 693,698	\$ 5,241,853
Restricted Cash and Investments	-	190,896	-	-	190,896
Accounts Receivable	170,636	70,059	22,496	-	263,191
Taxes Receivable	322,919	-	-	-	322,919
Grants Receivable	-	-	41,048	-	41,048
Interfund Receivables	1,019,205	-	-	-	1,019,205
Total Assets	\$ 4,439,228	\$ 1,041,977	\$ 904,209	\$ 693,698	\$ 7,079,112
Liabilities					
Accounts Payable	\$ 117,320	\$ 35,521	\$ 43,195	\$ 81,323	\$ 277,359
Accrued Liabilities	49,323	-	-	-	49,323
Unearned Revenues	449,831	-	-	-	449,831
Total Liabilities	616,474	35,521	43,195	81,323	776,513
Deferred Inflows of Resources					
Property Taxes	260,029	-	-	-	260,029
Fund Balances					
Nonspendable Interfund Receivables	1,019,205	-	-	-	1,019,205
Restricted for:					
Emergencies	173,000	-	-	-	173,000
Capital Projects	-	190,896	-	-	190,896
Historic Preservation	-	-	-	531,479	531,479
Parks and Open Space	-	-	-	74,878	74,878
Committed to:					
Transportation	-	815,560	-	-	815,560
Capital Facilities	-	-	-	6,018	6,018
Assigned to Capital Projects	-	-	861,014	-	861,014
Unrestricted, Unassigned	2,370,520	-	-	-	2,370,520
Total Fund Balances	3,562,725	1,006,456	861,014	612,375	6,042,570
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,439,228	\$ 1,041,977	\$ 904,209	\$ 693,698	\$ 7,079,112

City of Central, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2017

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

Total Fund Balances of Governmental Funds	\$ 6,042,570
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	27,515,569
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Loan Payable	(1,246,649)
Capital Leases	(252,809)
Compensated Absences Payable	(74,410)
Accrued Longevity Pay	(79,505)
Net Pension Liability	(72,477)
Accrued Interest Payable	(14,981)
Total Net Position of Governmental Activities	\$ <u>31,817,308</u>

City of Central, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2017

	General	Transportation	Capital Improvement	Nonmajor Governmental Funds	Totals
Revenues					
Taxes	\$ 1,058,603	\$ -	\$ 277,759	\$ -	\$ 1,336,362
Gaming Fees	1,630,436	795,997	-	-	2,426,433
Licenses and Permits	60,654	-	-	-	60,654
Charges for Services	93,476	8,232	-	20,695	122,403
Fines and Forfeitures	10,824	-	-	-	10,824
Intergovernmental	1,025,028	-	143,120	450,367	1,618,515
Contributions and Donations	-	-	21,500	1,017	22,517
Investment Income	14,992	1,066	848	1,117	18,023
Miscellaneous	30,298	-	426	-	30,724
Total Revenues	3,924,311	805,295	443,653	473,196	5,646,455
Expenditures					
Current					
General Government	1,030,873	-	57,702	-	1,088,575
Public Safety	525,151	-	-	-	525,151
Public Works	978,632	528,532	144,422	-	1,651,586
Community Development	473,374	-	-	-	473,374
Fire	548,567	-	50,380	-	598,947
Historic Preservation	-	-	33,101	315,089	348,190
Debt Service					
Principal	-	139,220	-	-	139,220
Interest	-	34,647	-	-	34,647
Total Expenditures	3,556,597	702,399	285,605	315,089	4,859,690
Net Change in Fund Balances	367,714	102,896	158,048	158,107	786,765
Fund Balances, Beginning of year	3,195,011	903,560	702,966	454,268	5,255,805
Fund Balances, End of year	\$ 3,562,725	\$ 1,006,456	\$ 861,014	\$ 612,375	\$ 6,042,570

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, 2017

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

Net Change in Fund Balances of Governmental Funds	\$ 786,765
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.	
Capital Outlay	267,920
Donated Assets	17,625
Depreciation Expense	(2,434,567)
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 principal payments.	
Loans	139,220
Capital Leases	96,833
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.	
Pension Liability	(10,648)
Compensated Absences Payable	(8,443)
Accrued Longevity Pay	(10,996)
Accrued Interest Payable	3,963
Change in Net Position of Governmental Activities	\$ <u>(1,152,328)</u>

City of Central, Colorado

Statement of Net Position

Proprietary Fund

December 31, 2017

	<u>Water</u>
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ 224,610
Accounts Receivable	<u>76,770</u>
Total Current Assets	<u>301,380</u>
<i>Noncurrent Assets</i>	
Capital Assets, <i>Not Being Depreciated</i>	1,884,261
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>7,723,384</u>
Total Noncurrent Assets	<u>9,607,645</u>
Total Assets	<u>9,909,025</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	89,349
Interfund Payables	1,019,205
Compensated Absences Payable, <i>Current Portion</i>	<u>863</u>
Total Current Liabilities	1,109,417
<i>Noncurrent Liabilities</i>	
Compensated Absences Payable	<u>7,767</u>
Total Liabilities	<u>1,117,184</u>
Net Position	
Net Investment in Capital Assets	9,607,645
Unrestricted	<u>(815,804)</u>
Total Net Position	<u>\$ 8,791,841</u>

City of Central, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2017

	Water
Operating Revenues	
Charges for Services	\$ 688,497
Miscellaneous	<u>16,224</u>
Total Operating Revenues	<u>704,721</u>
Operating Expenses	
Personnel Services	166,884
Professional Services	60,436
Operating	271,744
Depreciation	<u>319,521</u>
Total Operating Expenses	<u>818,585</u>
Net Operating Income (Loss)	(113,864)
Nonoperating Revenues	
Investment Income	497
Grants	<u>7,734</u>
Total Nonoperating Revenues	<u>8,231</u>
Net Income (Loss) before Capital Contributions	(105,633)
Capital Contributions	
Tap Fees	<u>125,330</u>
Change in Net Position	19,697
Net Position, Beginning of year	<u>8,772,144</u>
Net Position, End of year	<u><u>\$ 8,791,841</u></u>

City of Central, Colorado
Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2017

	<u>Water</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 678,261
Cash Received from Others	16,224
Cash Payments to Employees	(164,040)
Cash Payments to Vendors and Suppliers	<u>(265,207)</u>
Net Cash Provided (Used) by Operating Activities	<u>265,238</u>
Cash Flows From Noncapital Financing Activities	
Grants Received	7,734
Cash Payments to Other Funds	<u>(70,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(62,266)</u>
Cash Flows From Capital and Related Financing Activities	
Tap Fees Received	125,330
Acquisition and Construction of Capital Assets	<u>(211,518)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(86,188)</u>
Cash Flows From Investing Activities	
Interest Received	<u>497</u>
Net Change in Cash and Cash Equivalents	117,281
Cash and Cash Equivalents, <i>Beginning of year</i>	<u>107,329</u>
Cash and Cash Equivalents, <i>End of year</i>	<u><u>\$ 224,610</u></u>
Reconciliation of Net Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Net Operating Income (Loss)	\$ (113,864)
Adjustments to Reconcile Net Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Depreciation	319,521
Changes in Assets and Liabilities	
Accounts Receivable	(10,236)
Accounts Payable	66,973
Compensated Absences Payable	<u>2,844</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 265,238</u></u>

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

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 does not include additional organizations in its reporting entity.

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. 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 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.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 marijuana sales taxes, grants from other governments and transfers from other funds.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

Additionally, the City reports the following major proprietary fund:

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

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

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, utility plants and lines, 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.

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 expended 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.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

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. Employer contributions are recognized in the year the contributions are paid.

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.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

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, 2017, follows:

Cash Deposits	\$ 3,980,309
Investments	<u>1,677,050</u>
Total	<u>\$ 5,657,359</u>

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

Cash and Investments	\$ 5,466,463
Restricted Cash and Investments	<u>190,896</u>
Total	<u>\$ 5,657,359</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, 2017, the City had bank deposits of \$3,546,181 collateralized with securities held by the financial institutions' agents but not in the City's name.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 2: Cash and Investments (Continued)

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 - Except for corporate securities, State statutes do not limit the amount the City may invest in any single investment or issuer.

Local Government Investment Pool - At December 31, 2017, the City had \$1,677,050 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. Colotrust is measured at the net asset value per share, 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, 2017, the City held loan proceeds of \$190,896 restricted for public transportation projects in a separate bank account as required by the loan agreement (See Note 5).

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 3: Interfund Balances and Transactions

Interfund balances at December 31, 2017, were as follows:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Amount</u>
General Fund	Water Fund	\$ <u>1,019,205</u>

The General Fund subsidized water operations for multiple years. During the year ended December 31, 2017, the Water Fund made payments on the loan of \$70,000. The loan is expected to be repaid with future revenues of the Water Fund.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2017, is summarized below. Certain beginning balances have been reclassified to conform to the current year presentation.

	<u>Balance 12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land and Improvements	\$ 5,787,036	\$ 372,108	\$ —	\$ 6,159,144
Construction in Progress	<u>388,408</u>	<u>56,300</u>	<u>372,108</u>	<u>72,600</u>
Total Capital Assets, Not Being Depreciated	<u>6,175,444</u>	<u>428,408</u>	<u>372,108</u>	<u>6,231,744</u>
Capital Assets, Being Depreciated				
Infrastructure	46,807,803	—	—	46,807,803
Buildings and Improvements	2,643,218	58,119	—	2,701,337
Equipment and Vehicles	<u>2,821,746</u>	<u>171,126</u>	<u>—</u>	<u>2,992,872</u>
Total Capital Assets, Being Depreciated	<u>52,272,767</u>	<u>229,245</u>	<u>—</u>	<u>52,502,012</u>
Less Accumulated Depreciation				
Infrastructure	(25,250,912)	(2,148,350)	—	(27,399,262)
Buildings and Improvements	(1,442,377)	(80,810)	—	(1,523,187)
Equipment and Vehicles	<u>(2,090,331)</u>	<u>(205,407)</u>	<u>—</u>	<u>(2,295,738)</u>
Total Accumulated Depreciation	<u>(28,783,620)</u>	<u>(2,434,567)</u>	<u>—</u>	<u>(31,218,187)</u>
Total Capital Assets, Being Depreciated	<u>23,489,147</u>	<u>(2,205,322)</u>	<u>—</u>	<u>21,283,825</u>
Governmental Activities Capital Assets, Net	\$ <u>29,664,591</u>	\$ <u>(1,776,914)</u>	\$ <u>372,108</u>	\$ <u>27,515,569</u>

City of Central, Colorado
Notes to Financial Statements
December 31, 2017

Note 4: Capital Assets (Continued)

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Business-Type Activities				
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	211,518	—	13,818,461
Equipment	<u>456,628</u>	<u>—</u>	<u>—</u>	<u>456,628</u>
Total Capital Assets, Being Depreciated	<u>15,090,813</u>	<u>211,518</u>	<u>—</u>	<u>15,302,331</u>
Less Accumulated Depreciation				
Buildings and Improvements	(875,456)	(6,909)	—	(882,365)
Water Plant and Lines	(5,991,646)	(277,255)	—	(6,268,901)
Equipment	<u>(392,324)</u>	<u>(35,357)</u>	<u>—</u>	<u>(427,681)</u>
Total Accumulated Depreciation	<u>(7,259,426)</u>	<u>(319,521)</u>	<u>—</u>	<u>(7,578,947)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,831,387</u>	<u>(108,003)</u>	<u>—</u>	<u>7,723,384</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,715,648</u>	<u>\$ (108,003)</u>	<u>\$ —</u>	<u>\$ 9,607,645</u>

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

Governmental Activities	
General Government	\$ 73,928
Public Safety	79,337
Public Works	<u>2,281,302</u>
Total	<u>\$ 2,434,567</u>

Note 5: Long-Term Debt

Following is a summary of the long-term debt transactions for the year ended December 31, 2017:

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
Governmental Activities					
Loan Payable	\$ 1,385,869	\$ —	\$ (139,220)	\$ 1,246,649	\$ 142,701
Capital Leases	349,642	—	(96,833)	252,809	88,639
Compensated Absences	65,967	8,443	—	74,410	7,441
Accrued Longevity Pay	<u>68,509</u>	<u>10,996</u>	<u>—</u>	<u>79,505</u>	<u>—</u>
Total	<u>\$ 1,869,987</u>	<u>\$ 19,439</u>	<u>\$ (236,053)</u>	<u>\$ 1,653,373</u>	<u>\$ 238,781</u>
Business-Type Activities					
Compensated Absences	<u>\$ 5,786</u>	<u>\$ 2,844</u>	<u>\$ —</u>	<u>\$ 8,630</u>	<u>\$ 863</u>

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 5: Long-Term Debt (Continued)

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, 2017, revenues of \$805,295 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>
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	157,515	16,352	173,867
2023 – 2025	<u>496,567</u>	<u>25,033</u>	<u>521,600</u>
Total	\$ <u>1,246,649</u>	\$ <u>144,286</u>	\$ <u>1,390,935</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 \$125,562 are reported under this lease. The outstanding balance of the capital lease at December 31, 2017, was \$215,394.

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 \$86,452 are reported under this lease. The outstanding balance of the capital lease at December 31, 2017, was \$37,415.

During 2014, the City entered into a lease agreement for \$135,615 to purchase a loader. Monthly payments of \$2,767 were due through April, 2017. Interest accrued on the outstanding balance at 3% per annum. Capital assets of \$135,614 less accumulated depreciation of \$67,808 are reported under this lease. The lease was paid in full during the year ended December 31, 2017.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 5: Long-Term Debt (Continued)

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

<u>Year Ended December 31,</u>	<u>Total</u>
2018	\$ 96,303
2019	57,702
2020	57,702
2021	<u>57,702</u>
Total Minimum Lease Payments	269,409
Less: Interest Portion	<u>(16,600)</u>
Present Value of Future Minimum Lease Payments	\$ <u>252,809</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.

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.

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.

Plan Membership - Plan membership consists of active, inactive non-retirement, and retired volunteer firefighters and their beneficiaries. At December 31, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to, but not yet receiving, benefits	3
Active plan members	<u>13</u>
Total	<u>24</u>

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 6: Volunteer Fire Department Pension Plan (Continued)

General Information (Continued)

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 \$11,022. During the year ended December 31, 2017, the City contributed \$29,546 to the plan. The State did not contribute.

Net Pension Liability

At December 31, 2017, the City reported a net pension liability of \$72,477. The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumptions - The total pension liability in the actuarial valuation as of January 1, 2017, was determined using the following actuarial assumptions.

Inflation	2.5%
Salary Increases	NA
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

Following a regularly scheduled experience study in 2015, the FPPA Board of Directors adopted new assumptions for first use in the actuarial valuation as of January 1, 2017. The significant changes affecting the plan include a reduction in the inflation rate from 3% to 2.5% and updated mortality assumptions based on RP-2014 mortality tables.

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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 6: Volunteer Fire Department Pension Plan (Continued)

Net Pension Liability (Continued)

Best estimates of arithmetic real rates of return, eliminating the 2.5% inflation assumption, for each major asset class included in the target asset allocation as of December 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36%	6.75%
Equity Long/Short	10%	4.85%
Illiquid Alternatives	23%	8.25%
Fixed Income	15%	0.50%
Absolute Return	10%	4.05%
Managed Futures	4%	3.00%
Cash	2%	0.00%
Total	100%	

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, 2017, changes in the net pension liability of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, December 31, 2016	\$ 580,375	\$ 518,546	\$ 61,829
Service Cost	8,359	—	8,359
Interest	42,429	—	42,429
Differences Between Expected and Actual Experience	(22,416)	—	(22,416)
Changes of Assumptions	7,819	—	7,819
Net Investment Income	—	26,616	(26,616)
Benefit Payments	(38,200)	(38,200)	—
Administrative Expenses	—	(1,073)	1,073
Balances, December 31, 2017	\$ 578,366	\$ 505,889	\$ 72,477

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 6: Volunteer Fire Department Pension Plan (Continued)

Net Pension Liability (Continued)

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Net Pension Liability	\$ <u>142,625</u>	\$ <u>72,477</u>	\$ <u>14,763</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.

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

For the year ended December 31, 2017, the City recognized pension expense of \$40,194. 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 the Fire Chief. 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, 2017, the City contributed \$6,599 to the plan, equal to the required contributions.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 7: Other Retirement Commitments (Continued)

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, 2017, the City and employees contributed \$25,932 and \$25,932, 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, 2017, the City contributed \$21,993 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.

Note 8: Other Postemployment Benefits

Statewide Death and Disability Plan

Plan Description – The City's Fire Chief participates in 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). In prior years, full-time police officers participated in the plan until the City's police activities were transferred to the County Sheriff. 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.

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. The City's Fire Chief was hired prior to this date. For employees hired on or after January 1, 1997, the employees contributed 2.7% of base salaries during the year ended December 31, 2017. Contributions to the plan for the years ended December 31, 2017, 2016 and 2015 were \$0, \$4,260, and \$7,578, respectively, equal to the required contributions.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

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.

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, 2017, certain 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.

City of Central, Colorado
Notes to Financial Statements
December 31, 2017

Note 10: Commitments and Contingencies (Continued)

Conduit Debt (Continued)

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, 2017, was \$7,285,000.

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, 2017, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$173,000.

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 2004 and as amended effective July 1, 2015, the City agreed to rebate 32% of a casino's license fees to a maximum of \$6.6 million in exchange for use of the casino's parking structure by the general public. During the year ended December 31, 2017, the City paid \$138,498 under this agreement.

During 2015, the City received an advance payment of \$600,000 to purchase a parking lot from a casino owner. The City will repay the advance through license fee rebates equal to 20% of the license fees paid. During the year ended December 31, 2017, the City rebated \$69,105 under this agreement. At December 31, 2017, the remaining advance of \$449,831 was reported as unearned revenue in the financial statements.

City of Central, Colorado

Notes to Financial Statements

December 31, 2017

Note 10: Commitments and Contingencies (Continued)

Litigation

The City is periodically 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, 2017, approximately 57% 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.

Note 12: Change in Reporting Entity

In past years, the City of Central Business Improvement District (the District) was reported as a component unit of the City. However, at December 31, 2017, the District did not qualify as a component unit and has been excluded from the financial statements.

Note 13: Subsequent Event

On May 31, 2018, the City executed a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) for \$610,000. Loan proceeds will be used to replace and rehabilitate three water diversion structures. The loan is non-interest bearing and is payable over a term of 30 years, beginning May 1, 2019. However, at the discretion of CWRPDA, the loan may be forgiven in total or in part.

Required Supplementary Information

City of Central, Colorado
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios and Contributions
Volunteer File Department Pension Plan
December 31, 2017

	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability			
Service Cost	\$ 8,359	\$ 8,359	\$ 11,469
Interest	42,429	41,339	42,634
Differences Between Expected and Actual Experience	(22,416)	-	(46,649)
Changes of Assumptions	7,819	-	(33,192)
Benefit Payments	<u>(38,200)</u>	<u>(32,233)</u>	<u>(27,333)</u>
Net Change in Total Pension Liability	(2,009)	17,465	(53,071)
Total Pension Liability, Beginning	<u>580,375</u>	<u>562,910</u>	<u>615,981</u>
Total Pension Liability, Ending	<u><u>\$ 578,366</u></u>	<u><u>\$ 580,375</u></u>	<u><u>\$ 562,910</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ -	\$ 11,656
Contributions - State of Colorado	-	6,417	6,417
Net Investment Income	26,616	9,668	34,187
Benefit Payments	(38,200)	(32,233)	(27,333)
Administrative Expenses	<u>(1,073)</u>	<u>(2,101)</u>	<u>(1,171)</u>
Net Change in Plan Fiduciary Net Position	(12,657)	(18,249)	23,756
Plan Fiduciary Net Position, Beginning	<u>518,546</u>	<u>536,795</u>	<u>513,039</u>
Plan Fiduciary Net Position, Ending	<u><u>\$ 505,889</u></u>	<u><u>\$ 518,546</u></u>	<u><u>\$ 536,795</u></u>
City's Net Pension Liability	<u><u>\$ 72,477</u></u>	<u><u>\$ 61,829</u></u>	<u><u>\$ 26,115</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87%	89%	95%
City Contributions			
Actuarially Determined Contributions	\$ 11,022	\$ 18,524	\$ 18,524
Contributions in Relation to the Actuarially Determined Contributions	<u>-</u>	<u>6,417</u>	<u>18,073</u>
Contribution Deficiency	<u><u>\$ 11,022</u></u>	<u><u>\$ 12,107</u></u>	<u><u>\$ 451</u></u>
Covered Payroll	NA	NA	NA
Contributions as a Percentage of Covered Payroll	NA	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.

City of Central, Colorado
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 1,226,200	\$ 1,226,200	\$ 1,058,603	\$ (167,597)
Gaming License Fees	1,589,500	1,589,500	1,630,436	40,936
Licenses and Permits	22,600	22,600	60,654	38,054
Charges for Services	186,500	186,500	93,476	(93,024)
Fines and Forfeitures	12,000	12,000	10,824	(1,176)
Intergovernmental	1,000,200	1,000,200	1,025,028	24,828
Investment Income	-	-	14,992	14,992
Miscellaneous	35,000	95,000	30,298	(64,702)
Total Revenues	<u>4,072,000</u>	<u>4,132,000</u>	<u>3,924,311</u>	<u>(207,689)</u>
Expenditures				
Current				
General Government	1,366,275	1,366,275	1,030,873	335,402
Public Safety	536,750	536,750	525,151	11,599
Public Works	941,132	941,132	978,632	(37,500)
Community Development	585,443	585,443	473,374	112,069
Fire	483,279	483,279	548,567	(65,288)
Total Expenditures	<u>3,912,879</u>	<u>3,912,879</u>	<u>3,556,597</u>	<u>356,282</u>
Excess of Revenues Over (Under) Expenditures	159,121	219,121	367,714	148,593
Other Financing Sources (Uses)				
Transfers Out	<u>(185,000)</u>	<u>(190,000)</u>	<u>-</u>	<u>190,000</u>
Net Change in Fund Balance	(25,879)	29,121	367,714	338,593
Fund Balance, Beginning of year	<u>3,121,586</u>	<u>3,121,586</u>	<u>3,195,011</u>	<u>73,425</u>
Fund Balance, End of year	<u>\$ 3,095,707</u>	<u>\$ 3,150,707</u>	<u>\$ 3,562,725</u>	<u>\$ 412,018</u>

City of Central, Colorado
 Budgetary Comparison Schedule
 Transportation Fund
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Gaming Device Fees	\$ 788,424	\$ 795,997	\$ 7,573
Charges for Services	-	8,232	8,232
Interest	-	1,066	1,066
	<u>788,424</u>	<u>805,295</u>	<u>16,871</u>
Total Revenues			
Expenditures			
Current			
Public Works	736,500	528,532	207,968
Debt Service	173,867	173,867	-
	<u>910,367</u>	<u>702,399</u>	<u>207,968</u>
Total Expenditures			
Net Change in Fund Balance	(121,943)	102,896	224,839
Fund Balance, Beginning of year	<u>1,068,810</u>	<u>903,560</u>	<u>(165,250)</u>
Fund Balance, End of year	<u>\$ 946,867</u>	<u>\$ 1,006,456</u>	<u>\$ 59,589</u>

City of Central, Colorado
Notes to Required Supplementary Information
December 31, 2017

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, 2016, based on an actuarial valuation as of January 1, 2017, which is a one-year lag compared to the City's fiscal year ended December 31, 2017. Covered payroll is not applicable for volunteers. Therefore, no covered payroll information is presented in the accompanying schedule.

Changes of Assumptions

Following a regularly scheduled experience study in 2015, the FPPA Board of Directors adopted new assumptions for first use in the actuarial valuation as of January 1, 2017. The significant changes affecting the plan include a reduction in the inflation rate from 3% to 2.5% and updated mortality assumptions based on RP-2014 mortality tables.

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.

City of Central, Colorado
Notes to Required Supplementary Information
December 31, 2017

Note 2: Stewardship, Compliance, and Accountability (Continued)

Budgets (Continued)

For the year ended December 31, 2017, a budget was not adopted for the Impact Fees Funds because no expenditures were anticipated.

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, 2017

	Historic Preservation	Conservation Trust	Impact Fees	Totals
Assets				
Cash and Investments	\$ 612,802	\$ 74,878	\$ 6,018	\$ 693,698
Total Assets	<u>\$ 612,802</u>	<u>\$ 74,878</u>	<u>\$ 6,018</u>	<u>\$ 693,698</u>
Liabilities				
Accounts Payable	\$ 81,323	\$ -	\$ -	\$ 81,323
Fund Balances				
Restricted for:				
Historic Preservation	531,479	-	-	531,479
Parks and Open Space	-	74,878	-	74,878
Committed to Capital Facilities	<u>-</u>	<u>-</u>	<u>6,018</u>	<u>6,018</u>
Total Fund Balances	<u>531,479</u>	<u>74,878</u>	<u>6,018</u>	<u>612,375</u>
Total Liabilities and Fund Balances	<u>\$ 612,802</u>	<u>\$ 74,878</u>	<u>\$ 6,018</u>	<u>\$ 693,698</u>

City of Central, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2017

	Historic Preservation	Conservation Trust	Impact Fees	Totals
Revenues				
Charges for Services	\$ 14,677	\$ -	\$ 6,018	\$ 20,695
Intergovernmental	443,192	7,175	-	450,367
Contributions and Donations	1,017	-	-	1,017
Investment Income	875	242	-	1,117
	<u>459,761</u>	<u>7,417</u>	<u>6,018</u>	<u>473,196</u>
Total Revenues				
	<u>459,761</u>	<u>7,417</u>	<u>6,018</u>	<u>473,196</u>
Expenditures				
Current				
Historic Preservation	315,089	-	-	315,089
	<u>315,089</u>	<u>-</u>	<u>-</u>	<u>315,089</u>
Total Expenditures				
	<u>315,089</u>	<u>-</u>	<u>-</u>	<u>315,089</u>
Net Change in Fund Balances	144,672	7,417	6,018	158,107
Fund Balances, Beginning of year	386,807	67,461	-	454,268
	<u>386,807</u>	<u>67,461</u>	<u>-</u>	<u>454,268</u>
Fund Balances, End of year	\$ 531,479	\$ 74,878	\$ 6,018	\$ 612,375
	<u>\$ 531,479</u>	<u>\$ 74,878</u>	<u>\$ 6,018</u>	<u>\$ 612,375</u>

City of Central, Colorado
 Budgetary Comparison Schedule
 Capital Improvement Fund
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ -	\$ 277,759	\$ 277,759
Intergovernmental	-	143,120	143,120
Contributions and Donations	-	21,500	21,500
Investment Income	-	848	848
Miscellaneous	-	426	426
Total Revenues	-	443,653	443,653
Expenditures			
Current			
General Government	57,703	57,702	1
Public Works	226,170	144,422	81,748
Community Development	30,000	-	30,000
Fire	-	50,380	(50,380)
Historic Preservation	50,000	33,101	16,899
Total Expenditures	363,873	285,605	78,268
Excess of Revenues Over (Under) Expenditures	(363,873)	158,048	521,921
Other Financing Sources (Uses)			
Transfers Out	(193,400)	-	193,400
Net Change In Fund Balance	(557,273)	158,048	715,321
Fund Balance, Beginning of year	575,074	702,966	127,892
Fund Balance, End of year	\$ 17,801	\$ 861,014	\$ 843,213

City of Central, Colorado
 Budgetary Comparison Schedule
 Historic Preservation Fund
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 9,500	\$ 14,677	\$ 5,177
Intergovernmental	405,500	443,192	37,692
Contributions and Donations	-	1,017	1,017
Investment Income	55	875	820
	<u>415,055</u>	<u>459,761</u>	<u>44,706</u>
Total Revenues			
Expenditures			
Current			
Historic Preservation	823,040	315,089	507,951
	<u>823,040</u>	<u>315,089</u>	<u>507,951</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	(407,985)	144,672	552,657
Other Financing Sources			
Transfers In	193,400	-	(193,400)
Net Change in Fund Balance	(214,585)	144,672	359,257
Fund Balance, Beginning of year	379,575	386,807	7,232
Fund Balance, End of year	<u>\$ 164,990</u>	<u>\$ 531,479</u>	<u>\$ 366,489</u>

City of Central, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 6,700	\$ 7,175	\$ 475
Investment Income	35	242	207
	<u>6,735</u>	<u>7,417</u>	<u>682</u>
Total Revenues	6,735	7,417	682
Net Change in Fund Balance	6,735	7,417	682
Fund Balance, Beginning of year	<u>65,821</u>	<u>67,461</u>	<u>1,640</u>
Fund Balance, End of year	<u>\$ 72,556</u>	<u>\$ 74,878</u>	<u>\$ 2,322</u>

City of Central, Colorado
Budgetary Comparison Schedule
Water Fund
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 591,900	\$ 591,900	\$ 688,497	\$ 96,597
Miscellaneous	-	-	16,224	16,224
Investment Income	500	500	497	(3)
Grants	-	-	7,734	7,734
Tap Fees	-	-	125,330	125,330
Interfund Loan Proceeds	185,000	130,000	-	(130,000)
Transfers In	-	60,000	-	(60,000)
	<u>777,400</u>	<u>782,400</u>	<u>838,282</u>	<u>55,882</u>
Expenditures				
Personnel Services	176,835	176,835	166,884	9,951
Professional Services	138,123	138,123	60,436	77,687
Operating	247,905	307,905	271,744	36,161
Capital Outlay	150,000	150,000	211,518	(61,518)
	<u>712,863</u>	<u>772,863</u>	<u>710,582</u>	<u>62,281</u>
Change in Net Position, Budgetary Basis	<u>\$ 64,537</u>	<u>\$ 9,537</u>	127,700	<u>\$ 118,163</u>
Adjustments to GAAP Basis				
Capital Outlay			211,518	
Depreciation			(319,521)	
Change in Net Position, GAAP Basis			<u>\$ 19,697</u>	

Compliance Section

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Central City
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of _)		Prepared By:
City of Central, Colorado		Phone:
		Lorraine Trotter, Professional Mgmt Solutions
		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
A. Receipts from local sources:	
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)	242,742
4. Miscellaneous local receipts (from page 2)	838,861
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)	1,081,603
B. Private Contributions	
C. Receipts from State government	
(from page 2)	51,637
D. Receipts from Federal Government	
(from page 2)	102,072
E. Total receipts (A.7 + B + C + D)	1,235,312

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	282,648
2. Maintenance:	399,442
3. Road and street services:	
a. Traffic control operations	84,193
b. Snow and ice removal	110,713
c. Other	0
d. Total (a. through c.)	194,906
4. General administration & miscellaneous	53,162
5. Highway law enforcement and safety	131,288
6. Total (1 through 5)	1,061,445
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	34,647
b. Redemption	139,220
c. Total (a. + b.)	173,867
3. Total (1.c + 2.c)	173,867
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,235,312

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	1,385,869	0	139,220	1,246,649

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,235,312	1,235,312	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy):	
		12/17	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	1,066
b. Other local imposts:		b. Traffic Fines & Penalties	10,824
1. Sales Taxes	214,614	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,999	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	8,232	f. Charges for Services	20,000
5. Specific Ownership &/or Other	17,897	g. Other Mis Device Fees	795,997
6. Total (1. through 5.)	242,742	h. Other County Road & Bridge	10,974
c. Total (a. + b.)	242,742	i. Total (a. through h.)	838,861
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	51,637	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	102,072
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) FEMA State Match		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	102,072
4. Total (1. + 2. + 3.f)	51,637	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		282,648	282,648
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	282,648	282,648
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	282,648	282,648
			(Carry forward to page 1)
Notes and Comments:			